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China

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Daily Report

China

FBIS-CHI-95-010

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General

Zhu Rongji Leaves for World Economic Forum

OW1701072695 Beijing XINHUA in English 0714
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Chinese Vice-Premier Zhu Rongji left here today by special plane to pay an official visit to Portugal and Switzerland.

Zhu will also attend the annual session of the World Economic Forum to be held in Davos, Switzerland.

Accompanying Zhu on his trip were Minister in Charge of the State Economic and Trade Commission Wang Zhongyu, Vice-Foreign Minister Jiang Enzhu and Deputy Governor of the People's Bank of China Dai Xianglong.

Among those seeing him off at the airport were Deputy Secretary-General of the State Council He Chunlin, Deputy Director of the General Office of the Central Committee of the Communist Party of China Hu Guangbao, and officials from the State Economic and Trade Commission, the Ministry of Finance and the People's Bank of China.

According to sources, government officials from about 70 countries as well as leaders and scholars from some international organizations will take part in the session of the World Economic Forum this year.

Beijing Radio on Clinton-Murayama Summit

OW1601053695 Beijing China Radio International in Mandarin to Asia 0900 GMT 14 Jan 95

["International commentary" by station's international editor (Zuo Li); from the "Report on Current Events" program]

[FBIS Translated Text] Japanese Prime Minister Murayama paid a three-day visit to the United States from 10 to 12 January. This was the first visit to the United States by Murayama since he took office six months ago.

Murayama and President Clinton held talks at the White House on 11 January. It was the first summit between the two countries this year. U.S.-Japan summits have become a major but regular event in bilateral relations between the two countries in recent years. During the two years since Clinton entered the White House, he has received three Japanese prime ministers. Miyazawa visited the United States in 1993, and Hosokawa held talks with Clinton at the White House last February. The current summit, however, had a distinguishing characteristic, that is, the two sides made special efforts to avoid arguing over trade issues and emphasized instead cooperation in the political, diplomatic, and security areas. At the joint news conference after the summit, Clinton said that the United States's relations with Japan

are more important than with any other country. He declared that at a time of drastic changes in the international situation, Washington regards Tokyo as a strong friend who cooperates with the United States in promoting peace and prosperity. Prime Minister Murayama said that for peace and prosperity in Asia, it is important for the two countries to cooperate and to maintain security relations. Reflecting the two countries' cooperative moods, the two leaders had lengthy discussions on the nuclear security issue on the Korean peninsula, and pledged to increase cooperation on this issue.

Trade was the major topic in previous U.S.-Japan summits. It was no exception this time. Speaking of bilateral trade issues, Clinton pointed out that the two countries have made progress in trade negotiations but the progress has been slow. For a long time, the United States has maintained a large trade deficit with Japan. After he took office, Clinton made it a priority of his policy toward Japan to address the trade imbalance. During Miyazawa's visit to Washington, Clinton warned that extensive cooperation between the two sides must be preconditioned on the reduction of trade imbalance. When Hosokawa visited the United States, Clinton again threatened that it was difficult for the United States and Japan to become true partners in global affairs without an improvement in trade relations. These two summits ended in discord because of the charges hurled at each other on trade issues. In contrast, this summit was rather cordial. Both prior to and after the summit, Clinton and Murayama stressed cooperation between the two countries. Reversing his previous tough talk, Clinton said the large trade surplus enjoyed by Japan with the United States was primarily caused by the fact that Japan has just ended its economic recession. He stressed that both sides must earnestly implement the trade agreements reached. Murayama indicated that the two sides will continue serious negotiations within the framework agreement.

The changes which have taken place in the U.S.-Japan summit were caused primarily by the following factors:

1. The high-pressure trade policy adopted by Washington toward Japan in the last two years has not produced results. Since Japan's Liberal Democratic Party (LDP) became an opposition party, a group of reformers have made their appearance in the Japanese political arena. These reformers wish to improve ties with the United States and are ready to modify Japan's economic and trade structures to facilitate foreign products to compete in the Japanese market. Advocating managed trade and threatening to use sanctions against Japan at every turn can only weaken the position of Japanese reformers, and make it difficult to implement the economic reform aimed at opening the Japanese market. Instead of decreasing, U.S. trade deficit with Japan has increased by a large margin each year since Clinton entered the White House.

2. The United States is no longer confident that trade negotiations will produce quick results. In recent weeks,

officials in Washington have hinted on different occasions that they do not expect swift changes in Japan's economic policy. Earlier this week, U.S.-made apples began to sell in the Japanese market for the first time. The U.S. ambassador to Japan said with deep feelings: It has taken us 24 years to achieve this goal. His words fully reflect the difficult nature of the U.S.-Japan trade talks.

3. After the end of the Cold War, the United States became aware again of the importance of cooperation with Japan in global affairs. During this summit, the United States gave particular emphasis to the two countries' partnership. This is because the United States worries that, if trade friction between the two countries intensifies, it will affect bilateral cooperation in other areas. In light of the changes in the Asian situation after the Cold War, the United States particularly hopes Japan will strengthen cooperation with it on issues of Asian security. During the summit, the two leaders specially discussed the question of implementing the agreement on the DPRK's nuclear issue. The United States and the DPRK reached a framework agreement on the nuclear issue last October, under which the DPRK agrees to freeze all its existing nuclear programs while the United States guarantees that it will raise the required \$4 billion for Pyongyang to acquire light-water nuclear reactor technology. To fulfill its commitment, Washington needs Japan's support. At present, together with the ROK, Japan has agreed to provide the lion's share of the funds needed to purchase the nuclear reactor. Clinton has praised U.S.-Japan cooperation on the Korean nuclear issue as a model for cooperation between the two countries. In addition, recently there has been a tendency in Japan of moving its focus of interest away from America and Europe to Asia, and of gradually increasing its investment in Asia. This has made the United States realize the need to maintain U.S.-Japan cooperation.

This year marks the 50th anniversary of World War II. In dealing with relations with the United States, Japan cannot help but soften its previous tough position. Japan hopes to use this opportunity to persuade Washington to change its high-pressure trade policy against Japan and return to emphasizing U.S.-Japan security and diplomatic cooperation. The U.S. ambassador to Japan also emphasized on the eve of the summit that in 1995 the main theme in bilateral relations will be on the positive aspect of strengthening political and security cooperation between the two countries. Murayama's visit to the United States has produced some positive effects for strengthening bilateral ties with the United States.

XINHUA Cites Iraqi Daily on U.S. Stand on Sanctions

OW1301230395 Beijing XINHUA in English 1653 GMT 13 Jan 95

[FBIS Transcribed Text] Baghdad, January 13 (XINHUA)—The United States wants to punish the Iraqi people collectively, and the population are frustrated by

the UN Security Council's decision to continue the four year economic sanction against Iraq, an Iraqi paper charged today.

The U.S. was fabricating reasons to prolong the embargo, the major Iraqi paper BABIL, went on to say.

"Every time before review, the U.S. wants more. They always play the same trick," a young Iraqi was quoted as saying.

The Security Council reviews the sanction every two months.

The Security Council decided yesterday to retain sanctions against Iraq despite France and Russia pressing to have the embargo relaxed to reward Iraq for recognizing Kuwait's sovereignty and borders and complying with UN Resolutions demanding the elimination of its weapons of mass destruction.

The U.S. and Britain opposed any easing of the sanctions until Iraq implemented all the UN Resolutions.

United States & Canada

Chinese Officials Meet Henry Kissinger

Qian Qichen Meets Kissinger

OW1501124095 Beijing XINHUA in English 1224 GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here this afternoon with visiting Henry A. Kissinger, former secretary of state of the United States.

In a friendly atmosphere, they exchanged views on Sino-US relations and international issues of common concern.

Jiang Zemin Meets Kissinger

OW1601091695 Beijing XINHUA in English 0901 GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Chinese President Jiang Zemin has blamed the United States for violating principles governing Sino-U.S. relations, but acknowledged the "important and positive progress" in the two countries' relations over the past year.

Meeting today with former U.S. Secretary of State Henry Kissinger, Jiang said that over the past few years, there have been ups and downs in relations between the two countries, "with one wave rising to succeed the other and troubles constantly appearing."

The fundamental reasons for this are the U.S.'s violation of the principles laid down in the three Sino-U.S. Joint communiques, Jiang said, noting that China wished to develop its relations with the United States less from the

standpoint of immediate benefits to both countries and more for the long-term in a general sense and for the future of the world.

The three joint communiques have provided the fundamental principles guiding the two countries' relations and have constituted the basis for the long-term and stable development of bilateral relations, Jiang stressed.

Some Americans have always tried to tamper with matters related to China's sovereignty, most notably on the issues of Taiwan and Tibet, Jiang pointed out. In relation to China's sovereignty, territorial integrity, and the reunification of the motherland, the stand of the Chinese government and the Chinese people is "unswerving and will not falter," the President clearly stated.

A prerequisite for Sino-U.S. relations is equality. In order to establish mutual trust and develop cooperation, there must exist mutual respect, equal treatment, mutual non-interference, and efforts to seek common ground while allowing for differences, Jiang said. "We should be far-sighted and view things from a commanding height to seek common interests so as to promote bilateral relations in the new world order."

As great countries, both China and the U.S. are duty-bound to maintain global peace, stability, and development, and they should tighten their cooperative relations, the Chinese president said.

Historical experience has shown that careful handling of the relations between China and the U.S. "would help us do more to benefit the people not only of the two countries but also the whole world. However, if relations between the two countries are not flexible, many important things cannot be done or have not been done well enough in the past, resulting in a benefit to no one," Jiang said.

Kissinger believes that under the current new international situation, maintaining the stable development of the bilateral relations between the U.S. and China is of immediate significance and there are bright prospects in U.S.-China cooperation for mutual benefit.

Taiwan is a part of China's territory and all U.S. presidents since the 1970s have stated that they would follow the "One China Policy", Kissinger said. At present, he noted, those Americans showing concern for U.S.-China relations are defending the principles governing those relations laid down in the three joint communiques.

Tells of 'Constant Troubles'

OW1601140395 Beijing XINHUA Domestic Service in Chinese 0830 GMT 16 Jan 95

[By reporter Yang Guojun (2799 0948 6874)]

[FBIS Translated Text] Beijing, 16 Jan (XINHUA)—During a meeting with Dr. Henry Kissinger, the former U.S. secretary of state, at Zhongnanhai today, state

President Jiang Zemin said: Over the past year, Sino-U.S. relations have made major and positive progress thanks to the joint efforts of both sides. Nevertheless, it should be noted that in recent years, Sino-U.S. relations have always been plagued by constant troubles, with one wave rising to succeed another. The root cause is the violation by the U.S. side of the principles laid down in the three Sino-U.S. joint communiques.

During the meeting, which lasted for more than one hour, President Jiang first pointed out: China hopes to develop its relations with the United States, both out of consideration for the two countries' immediate interests, and more importantly, for the world's overall interests and future.

Jiang Zemin said: The three Sino-U.S. joint communiques establish the fundamental principles guiding the two countries' relations, thus laying the foundation for the long-term and stable development of Sino-U.S. relations. In recent years, however, Sino-U.S. relations have always been plagued by constant troubles, with one wave rising to succeed another. "The root cause is the U.S. violation of the principles laid down in the joint communiques."

Jiang Zemin said: Some people in the United States always try to make an issue [zuo wen zhang 0254 2429 4545] of some matters related to China's sovereignty, most notably the questions of Taiwan and Tibet. He stated clearly: On the major matters of principle regarding China's sovereignty, territorial integrity, and the motherland's reunification, the "stand of the Chinese Government and people is unswerving and will not waver whatsoever."

Jiang Zemin emphasized: Sino-U.S. relations should, first of all, be equal. For the two sides to build trust and develop cooperation, they must respect each other, treat each other as equals, not interfere in each other's affairs, and seek common ground while reserving differences. "We should take a broad and long-term view, seek common interests, and promote the two countries' relations so that they will experience new developments in the new order."

Jiang Zemin said: The present-day world is still not very peaceful, and there are many destabilizing factors of various types. As two great countries, China and the United States have a heavy responsibility for safeguarding world peace, stability, and development. The two countries should strengthen mutual relations and foster closer, mutually beneficial cooperation. Jiang Zemin pointed out: Historical experience proves that if China and the United States enjoy good relations, we can do more beneficial things for the peoples of the two countries and the world; and that if the relations are brought to a deadlock [gao jiang 2269 0304], many things of significance cannot be done or cannot be done well, with no one gaining anything as a result.

Kissinger expressed his thanks to President Jiang for meeting with him. He maintained: Under the current

new international situation, safeguarding the stable development of U.S.-Chinese relations is of great immediate significance. There are also broad prospects for mutually beneficial cooperation between the United States and China.

Kissinger said: Taiwan is a part of China's territory. All U.S. presidents since the 1970's have stated that they would implement the "one China" policy. At present, all Americans who show concern for U.S.-Chinese relations are defending the principles laid down in the three U.S.-Chinese joint communiques. Kissinger also praised the amazing achievements made by China in all fields since it implemented the program of reform and opening up.

Wang Zhongyu, minister in charge of the State Economic and Trade Commission, and Liu Huaqiu, director of the State Council's Foreign Affairs Office, were present during the meeting.

Rong Yiren Meets Kissinger

OW1601103395 Beijing XINHUA in English 0927
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Chinese Vice-President Rong Yiren, meeting here today with Henry Kissinger, former secretary of state of the United States, said that development is what China needs most, since it is a developing country.

He said that some international estimates of China's developmental level are too high, while some are too low, and neither is true to China's real situation.

China's development in recent years has been there for all to see, Rong said, but, during the process, China has also met with some difficulties.

The Chinese government's attitude towards such difficulties is to find a timely and prompt solution, the Vice-President said, adding that China's development has meant rapid, stable, and healthy growth.

In relation to this, he said, the Chinese government has always attached great importance to the proper handling of relationship among reforms, development, and stability.

Chinese development needs foreign participation, Rong said, and the Chinese door will be open wider in future and the climate for foreign investment will be much improved as the country's legislative change is accelerated.

The Chinese vice-president told the American visitor that this year China will make further efforts to curb inflation.

During the meeting in the Great Hall of the People, Kissinger said that the U.S. Government attaches much importance to developing relations with China, because

without a sound U.S.-China relationship, it would be difficult to imagine what the future of international relation would be.

Concerning the Taiwan issue, Kissinger said that affairs dealing with relations across the Strait should be handled by the Chinese people.

Rong expressed his appreciation for Kissinger's efforts at improving Sino-U.S. relations.

It is not unusual that China and the United States have had some differences in developing their relations, what is essential is that such disputes be settled through dialogue and consultations on equal footings, Rong said, as only this can bring about the smooth and healthy development of bilateral relations.

Zou Jiahua at Agreement-Signing Ceremony

OW1501141195 Beijing XINHUA in English 1330
GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—China United Telecommunications Corporation (UNICOM) and General Telephone and Electronics Corporation (GTE) of the United States today signed a memorandum of understanding to jointly develop China's telecommunications in varied ways.

According to the document, the two companies have entered into a long-term strategic cooperation which include certain projects relating to the development of China's "second network" and will involve joint efforts in research and development.

The joint venture company will assist UNICOM with technological and network-management support for its telecommunications projects in China and overseas. It will also conduct research and develop new technology and products for UNICOM's telecommunications networks.

Chinese Vice-Premier Zou Jiahua and visiting former U.S. Secretary of State Henry Kissinger attended the signing ceremony at the State Guesthouse here this evening.

Prior to the ceremony, Zou met with Kissinger and praised him for his contributions to promoting the growth of bilateral ties and his efforts to strengthen exchanges and cooperation between the entrepreneurs of the two countries.

UNICOM is a large, state-owned telecommunications company authorized by the Chinese Government to provide basic telecommunications services while GTE is the largest U.S.-based local telephone company and the fourth-largest publicly owned telecommunications company in the world.

Kissinger was today engaged as Honorary Advisor to Zhao Weichen, chairman of the UNICOM.

Jiang Zemin Urges More 'Favorable' Ties With U.S.

OW1701120995 Beijing XINHUA in English 1140
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Chinese President Jiang Zemin today called for efforts of both the Chinese and U.S. governments to create a still more favorable condition and environment for the growth of bilateral economic and trade relations.

"The proper handling of Sino-U.S. Economic and trade relations will bring benefits to people of both countries," Jiang said.

"It will also benefit the prosperity and growth of economies in the Asia-Pacific region, and contribute greatly to the development of the world economy as a whole," he added.

Jiang made these remarks during a meeting with John Gibbons, assistant to the U.S. President for science and technology, who is here to participate the second session of the Sixth Sino-U.S. Joint Commission on Science and Technology Cooperation, which was held in Beijing yesterday.

The Sino-U.S. relations are at a "crucial" juncture, and this calls for the foresight and sagacity of the two countries' leaders to help advance the development of bilateral relations along a healthy track, Jiang said.

Concerning science and technology, the Chinese president said that his country gives high priority to the development of scientific and technological undertakings, and is striving to tally its economic growth and social development with the progress of science and technology and with the upgrading of the people's education levels.

He voiced the hope that Sino-U.S. cooperation and exchanges in the field of science and technology will see continued enhancement and expansion.

Gibbons described the session as a success and cited the joint commission as an important mechanism for the two countries to realize their common goals in science and technology.

The United States hopes to enhance its cooperation with China in the field of science and technology, Gibbons said.

The two countries can cooperate in quite a number of scientific and technological areas, Gibbons told Jiang, saying that the cooperation not only conforms to the interests of the people of both countries, but is also beneficial to the progress of the world's science and technology.

Among those present at the meeting were Song Jian, State Councillor and minister in charge of the State Science and Technology Commission, Liu Huaqiu,

director of the Foreign Affairs Office under the State Council, and J. Stapleton Roy, U.S. Ambassador to China.

China, U.S. Renew Scientific Cooperation Agreements

OW1601113895 Beijing XINHUA in English 1013
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—China and the United States renewed two agreements of cooperation in basic sciences and in metrology and standards here today.

The agreements were inked at the end of the second session of the 6th Sino-U.S. Joint Commission on Science and Technology Cooperation, which opened here this morning.

The meeting was co-chaired by Song Jian, Chinese State Councillor and minister in charge of the State Science and Technology Commission, and John Gibbons, assistant to the U.S. President for science and technology.

During the one-day meeting, the two sides reviewed the progress in science and technology cooperation since the first session of the commission held in Washington last April.

They also discussed current and possible areas of cooperation, including space, health, basic research, science exchanges, technology, and advanced materials.

A communique on the session was also released at the conclusion of today's meeting.

President Jiang Zemin Meets U.S. Magazine Editor

OW1601084695 Beijing XINHUA in English 0813
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Chinese President Jiang Zemin met with Henry O. Dormann, Chairman and Editor-in-Chief of the LEADERS magazine of the United States, here today.

During the meeting Jiang answered questions on Sino-U.S. relations, China's reform and opening to the outside world and the country's investment environment.

The LEADERS was first published in 1978, mainly subscribed in the U.S. and Canada.

U.S. IPR Negotiators Need 'More Realistic Attitude'

HK1501025695 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 2

[By Sun Hong: "Sino-U.S. Talks To Continue"]

[FBIS Transcribed Text] U.S. negotiators should take a more realistic attitude to help the Sino-U.S. negotiations on intellectual property protection scheduled to be

resumed this week bring about a positive result, according to sources with the Ministry of Foreign Trade and Economic Co-operation.

Talks broke off last month followed by U.S. threats of implementing punitive tariffs on \$2.8 billion of Chinese commodities, prompting a reciprocal response from the Chinese side involving U.S. exports, investment and other business opportunities in China.

Analysts have suggested further negotiations to avert the outbreak of a Sino-U.S. trade war which would hurt both sides.

China blamed the breakdown in talks on U.S. negotiators, who "raised unrealistic demands during the talks and left the negotiating table without informing the Chinese side," stated a XINHUA report last week.

U.S. negotiators insisted that China has not done enough to improve intellectual property protection, but experts in the field said China has made considerable progress in intellectual property rights (IPR) protection.

With practically no IPR protection laws and regulations 15 years ago, China today possesses a comprehensive legal system covering patent, trademark and copyright protection laws. The country has also set up law enforcement systems containing both administrative and judicial organs.

That change "is from nothing to everything," noted Arpad Bogsch, director-general of the World Intellectual Property Organization (WIPO) during his visit to China last April.

To make Chinese IPR protection laws meet international standards, China revised patent and trademark laws in 1992 and 1993 respectively.

In a bid to strengthen legal implementation, 16 higher people's courts and intermediate people's courts across the country have set up their own IPR protection divisions. Chinese courts have dealt with 6,000 IPR cases.

China has also drummed up campaigns against IPR infringement including piracy. Last year the nation seized 1.58 million pirated books and 2.2 million pirated laser discs. Officials said similar battles will continue this year with severe punishment for IPR violators.

To keep in line with the international practice, China has joined many international conventions like the Paris Convention for the Protection of Industrial Property and the Madrid Agreement for the International Registration of Trademarks.

The quick pace of IPR protection in China has surprised objective analysts. A relative newcomer to the area, China has achieved a comprehensive legal system in a fraction of the time seen in many countries.

That progress has been neglected by the U.S., insistent on raising demands beyond China's capacity.

China is still a developing country with a per capita income below that of most countries today, a Chinese economist reminded U.S. negotiators recently.

"It's unreasonable for the U.S. to ask China's legislation to keep in line with a timetable set for developed countries," notes Liu Chuntian, a professor at the Intellectual Property Centre of People's University in Beijing.

Some of the U.S. negotiators' requirements even surpassed their domestic practice. For example, they demanded trial of overseas-concerned IPR violation cases finished within six months in China; similar cases in the U.S. sometimes last for three or more years.

Chinese foreign trade ministry officials also called demands for regular reports on IPR progress submitted to the U.S. Government "undue interference" in China's sovereignty. That interference extends to U.S. negotiators' demands to revise China's own judicial and legislative laws the official said.

Article Views 'Truth' of Sino-U.S. IPR Talks

Part One

HK1301154595 Hong Kong WEN WEI PO in Chinese
13 Jan 95 p A2

["Special article" by Hsieh Hsiang (6200 3276): "Truth About Breakdown of Sino-U.S. Talks on Intellectual Property Rights, as Disclosed by Gao Linghan (7559 0407 5060), a Chinese Representative Who Attended the Talks on Seven Occasions—Part One"]

[FBIS Translated Text] During this round of talks, the two sides had different starting points, different arguments, and different expectations. The U.S. side maintained that the talks should be based on the U.S. trade bill, and the value of the trade sanctions that it threatened to impose on China were based purely on its own calculations. The U.S. representative in the talks raised a series of unreasonable demands. If you want to find out what hegemonism is all about, look at the Americans at the negotiating table and you will fully realize what it is.

Before lunch on 15 December 1994, the Chinese delegation to the Sino-U.S. talks on intellectual property rights [IPR] made a phone call to the U.S. embassy in China to inform their U.S. counterparts that they would continue the talks with the U.S. side on pending issues at 1500 on the same day.

At that moment, the Chinese representatives had a new, revised offer in hand, which was a product of what they had worked intensively on for the whole morning. The "Outline of the Program on Intensifying Inspection, Supervision, and Guidance Regarding the Enforcement of Laws Related to Intellectual Property Rights," which was drafted by the office of the IPR working group under the State Council, truly incorporated many features of the U.S. version.

U.S. Representative Left Without Even Saying Goodbye

The U.S. embassy's reply on the telephone was simply a shock to the Chinese delegation.

The Chinese were told that the chief U.S. representative, Lee Sands, was on his way to Beijing airport; he had left for the airport to catch a flight to Hong Kong scheduled for 1130 in transit to Geneva because he had received no message from the Chinese side that morning, and the talks originally scheduled to be held in China from 12 to 18 December had been called off because he had other important affairs to attend to at the ongoing Geneva meeting of the working group in charge of China's application to reenter the GATT.

"At least he should have notified us, but he did not. This is simply unreasonable!" The members of the Chinese delegation, who were psychologically unprepared for this, were all indignant.

That afternoon, the Ministry of Foreign Trade and Economic Cooperation and the Chinese delegation met an economic counselor from the U.S. Embassy to China by appointment to express their regret at the U.S. representative's departure from Beijing without notification, pointing out that the action showed a lack of sincerity and was rude.

The next afternoon the economic counselor from the U.S. Embassy to China called on our negotiators and told them that Lee Sands was still in Hong Kong and, if the talks were likely to make progress, he would rush back to Beijing right away.

In reply, the Chinese delegation expressly told the counselor that it was up to Lee Sands himself to decide whether to return to Beijing to resume talks or not; he was welcome to come back for the talks, but the Chinese side did not mind reopening the talks later.

In fact, however, Lee Sands made public comments on the case to French reporters immediately after he emerged from the plane in Hong Kong. He made a unilateral announcement: "The Chinese and U.S. sides suspended talks on intellectual property rights on 14 December." By now, the talks between the Chinese and U.S. sides had been going on for 18 months and it was "now time to come to a decision," he added. His remarks were strongly threatening. "Now we have only two weeks left before the Sino-U.S. talks on intellectual property rights end. If China refuses to take strong action to curb infringements of intellectual property rights, it will face trade sanctions imposed by the United States and the prospects for China's reentry to the GATT will be spoiled." He also disclosed that U.S. Trade Representative Kantor would make a decision by 31 December on whether to impose trade sanctions on China for massive infringements of U.S. intellectual property rights.

Soon after that Lee Sands flew directly to Geneva.

Value Involved in Sanctions Is Higher Than Predicted

His action meant a complete breakdown of the seventh round of 1994 Sino-U.S. talks on intellectual property rights.

The Americans did not mean to merely threaten their negotiating counterparts but to really take action this time.

As expected, China's attempt to regain its GATT membership failed, again under U.S. pressure.

As was expected, on the last day of 1994, U.S. Trade Representative Kantor made a unilateral announcement: If China cannot fulfill by 4 February next year the requirements set by the U.S. side regarding the protection of U.S. intellectual property rights, the United States will impose trade sanctions on China. Kantor also released a list of Chinese commodities subject to sanctions, which may involve a total value of about \$2.8 billion. And this figure is nearly \$1.8 billion more than general estimates.

The Chinese Government, for its part, reacted with extraordinary strength to this. The Ministry of Foreign Trade and Economic Cooperation issued a statement: counter-retaliation will be launched against the United States in accordance with the "PRC Foreign Trade Law," and seven counter-retaliatory measures have been formulated.

The news of "retaliation" and "counter-retaliation" between China and the United States, which was announced on the first day of the new year, has drawn the attention of the whole country. To the Chinese public who have opened their country to the outside world, this news appears to be more important than any other at the beginning of the year. People are keeping their eyes wide open to closely watch what is going to happen by the deadline for "opinion solicitation" set in the statement.

The Chinese public cannot help asking: Actually, what are the Sino-U.S. intellectual property rights talks all about? Why did the talks break down? And what do the talks imply for China in the future?

Therefore, at 2000 on the last day of 1994, I managed to be contacted by phone the deputy director of the Copyright Department of the State Copyright Bureau, Gao Linghan, who had just returned to Beijing from Hainan.

It Is the U.S. Side and Nobody Else Who Should Be Blamed for the Breakdown of the Talks

Gao, who has had experience in diplomatic and cultural work, was involved in the whole process of the formulation, enactment, and implementation of China's Copyright Law. From 1993 onward, as an expert in copyrights, he has been engaged in the Sino-U.S. negotiations on intellectual property rights, and he personally took part in the whole process of the seventh round of Sino-U.S. talks on intellectual property rights this year.

"In the past, on the Chinese side, we generally seldom talked to the public about the progress of the Sino-U.S. talks on intellectual property rights, as we did not want to affect the process of negotiations. However, we noticed that the Americans did not follow the same rules.

Every time they passed through Hong Kong, they always aired their opinions, and the Hong Kong press reported their remarks without exception. Now that the Sino-U.S. talks on intellectual property rights have broken down, if we continue to keep silent, then people will have the wrong impression that the Chinese side bears the responsibility. Therefore, we need to present the facts to the public to tell them: it is the U.S. side and nobody else which should be blamed for the lack of progress in the talks between China and the United States."

At 1030 on 3 January 1995, I met Mr. Gao on the seventh floor of the State Press and Publications Administration Building, as the first reporter to hear the inside story of the breakdown of the Sino-U.S. talks on intellectual property rights.

Lee Sands left without even saying goodbye, but when he came he was well prepared.

On 30 June 1994, the United States put our country on its list of "priority target countries" under "Special Section 301," so that a so-called six-month "investigation" could be carried out against China.

Part Two

*HK1401065295 Hong Kong WEN WEI PO in Chinese
14 Jan 95 p A2*

["Special article" by Hsieh Hsiang (6200 3276): "U.S. Side Suddenly Set Harsher Demands—Truth of Breakdown of Sino-U.S. Talks on Intellectual Property Rights, Part Two"]

[FBIS Translated Text] Obviously, this indicated that the U.S. side exerted higher pressure on China on the issue of intellectual property rights.

In 1993, the United States included China in the list of countries to be watched closely according to Special 301.

What is Special 301? It is Article 301 of the U.S. trade act. The main point of this article is that the U.S. trade representative should consider the adoption of retaliation measures against those who violate the intellectual property rights of the United States by first asking the other side to improve the situation, and if no improvement is made, the United States should take tougher trade retaliation measures.

Intellectual Property Rights Became a New Pretext

The article specifies a set of procedures. All of those having problems in protecting the U.S. intellectual property rights will be included in a list, which is divided into several categories. Observation will first be made; and this is followed by intensive observation; and the third category is key targets. Many developed countries, such as Germany and Japan, are included in the observation category; also in this category are some developing countries where there is rapid economic growth.

The United States put China in the top category and took China as one of the priority targets. India and Argentina are also in the same category.

Usually, April was a crucial month. According to the regulations, normally, the United States announced the list of countries being included in the key-target list.

However, in April last year, the U.S. authorities only announced the "plan" for including three countries in the list of key targets, namely, China, India, and Argentina. The official announcement was postponed to late June. This was because in early June, the issue of China's most-favored-nation [MFN] trading status would have to be solved. Clinton openly announced that the MFN issue would no longer be linked with the human rights issue. After that, the United States would lose a lever to constrain China. The intellectual property issue could then be taken as a good pretext.

The contents of the unofficial documents shown by the United States continued to increase. In late 1993, the unofficial document they gave us had only five pages; but in late 1994, the document increased to 20 pages.

It Is Expected That the U.S. Side Will Make Further Escalation

In April 1994, our delegation was in Washington. The then atmosphere made us feel that no matter what great efforts we make, there would not be a smooth sailing in the coming year; by the end of the year, the Americans would not announce the end of the investigation and would certainly come up with a retaliation list.

As we expected, when the year almost moved to the end and at the critical moment of the talks on our country's reentry to GATT, the United States linked the issue of intellectual property rights with the GATT issue and threatened to carry out trade retaliations. It tried by every possible means to set obstacles, used both hard and soft tactics, and exerted full pressure on China.

The two sides in the talks did not proceed from the same starting point, held different grounds, and looked forward to different aims. They did not stand on a completely equal footing.

The U.S. Side Proceeded From the U.S. Laws

According to the approach of the U.S. side, the talks on the intellectual property rights should be based on Special 301 of the U.S. trade act. However, the Chinese side held that that talks should be based on the Sino-U.S. Memorandum of Understanding on Intellectual Property Rights they signed on 17 January 1992, because the U.S. trade act is only an internal law rather than an international law and it is unreasonable to take one's internal law as the grounds for negotiating with another country.

In more than two years after the memorandum of understanding came into force, China satisfied most of the requirements prescribed by the document: We

revised the Patent Law and the Trademark Law; and expanded the scope of protection for those who have the rights. In just one year after the Copyright Law and the appended regulations came into force, China joined the Bern Convention, the World Copyright Treaty, and the Audio Recording Products Convention. In a short period of several years, it completed the process that many countries, including the United States, had traversed for over 100 years. When did the United States join the Bern Convention? In 1888. That is to say, it took 104 years or more than one century to complete the process. However, according to its own interests, it was too impatient to wait and demanded that China join the international copyright protection organization as soon as China promulgated its own copyright law. It also demanded that China immediately take action to enforce the law. What the United States did was too unfair!

Figures Quoted by U.S. Side Were Based on Guesswork

On 28 December 1994, THE WASHINGTON POST published an article by two researchers in the U.S. Economic Strategy Institute. It said that in the past year, the violations of intellectual property rights in China caused nearly \$1 billion of losses to the United States. The 30 compact disc factories in China produced 75 million pirate discs every year. Nobody knew where such figures came from, and the authors could not clearly say where they got such figures. Last year, the U.S. representatives to the negotiations announced a figure of losses, which was \$827 million, but they could not offer any explicit and convincing grounds. The fact was that each product line of compact disc in our country could not produce more than 2 million discs a year; if they produced in full capacity, the 30 production lines could at most produce 60 million discs a year, including the discs with legal copyrights. How come there be another tens of millions of discs?

It is said that the figures were calculated by an international intellectual property right alliance in the United States according to its conjecture. It estimated a loss of over \$300 million caused by the pirate discs in China to the U.S. music producers. This was absolutely impossible. The amount is converted to 2.4 billion yuan of Renminbi according to the exchange rate of 1 to 8. How could that be the case? The gross output value of the whole trade in China was just that amount. The pirate discs first caused losses to our domestic audio-video producers. Chinese people mostly like to listen to Chinese songs both created inside and outside the mainland, and very few people in China like to listen to songs by Jackson and Madonna. The market of the American record companies in China was actually very small. According to a survey of China's audio-video market, the sales of American music products accounted for less than 5 percent. Even the statistics kept by the U.S. side showed that the figure was rather modest.

The piracy of computer software also mainly caused losses to China's domestic enterprises. Why? Because

computers in the Chinese market need to have the capacity of processing Chinese language. There is little use if American software is directly pirated, and the market for such goods is very limited. Therefore, the figures offered by the U.S. side were mainly based on their own guesswork, and they also frequently changed such unreliable figures.

Part Three

HK1501060895 Hong Kong WEN WEI PO in Chinese
15 Jan 95 p A1

["Special article" by Hsieh Hsiang (6200 3276): "U.S. Seeking Full Access to Chinese Market—Truth of Breakdown of Sino-U.S. Talks on Intellectual Property Rights, as disclosed by Gao Linghan (7559 0407 5060), a Chinese Representative Who Attended the Talks on Seven Occasions; Part Three"]

[FBIS Translated Text] The year-end talks focused on the copyright issue, which was related to many other issues as well. In addition to publication copyright in general terms, the issue also covered computer software and audio-video products, especially compact discs and laser discs, which have appeared in large quantities in the last few years.

Lee Sands, who had the authorization, came to Beijing without bringing any sincerity for the talks, and simply tried to take punitive action. The U.S. side brought with them a "draft agreement," in which there were many harsh and unreasonable demands.

The Unreasonable Demands of the U.S. Side

- Demanding that China revise its civil procedural law and intellectual property right law, shorten the time of handling and winding up of cases, lower legal costs, and abolish its existing trademark registration system.
- Demanding that the Supreme People's Court of China announce the judicial interpretation on the criminal punishments to those who encroach upon other people's copyrights according to the terms set out by the U.S. side as of 1 January 1995.
- Demanding that China take measures to stop piracy and to establish an effective system for this purpose, and turning what has been done and will be done by the Chinese Government into a commitment to the United States.

They also demanded that a "coordinated suppression force" be organized, according to their requirements, to search main shopping centers twice a week and other areas once a week.

The Chinese Government must submit the statistical data about the results of the searches to the U.S. Government on a quarterly basis, and the data should be classified according to regions and to categories of intellectual property rights [IPR].

They not only set out various unreasonable demands in the legislative, judicial, and judicial procedural system aspects, but also particularly mentioned the issue of market access. They demanded that China fully open its market to U.S.-made audio and video products. The United States explicitly demanded that there be no restriction on the production and sale of audio-video products by U.S. companies in China. This went beyond the scope of protecting intellectual property rights, and also went beyond the functions of the government, because this was, in fact, an issue of expanding and fully opening the market to the United States. Our basic stance was that we need some U.S. audio-video products, and as long as normal formalities are passed, such products can be produced and distributed in China. However, the U.S. side was not willing to accept this, and simply insisted on having the right to do such business independently by themselves.

They blamed the Chinese side for being not effective in cracking down on piracy, and said that this was because the government had no intention of doing so.

We reiterated China's basic position on protecting intellectual property rights, and stressed that the relevant legal system was gradually being perfected and that the condition of law enforcement in this field was being continuously improved. We stated that there must be a severe crackdown on piracy.

In view of the serious pirating of compact discs in the coastal areas over the past few years, in April 1994 the State Copyright Administration and other six institutions jointly issued an Urgent Circular on Intensifying Control Over the Copying of Compact Discs and Laser Video Discs. Throughout the country, more than 2 million pirated discs were confiscated. The government also directly issued an order to halt the operations of four CD production lines in Guangdong. As of 1 October 1994, the Rules on Management of Audio and Video Products, which had been promulgated by the State Council, came into force. All CD production lines in the country had to renew their registrations, and were required to adopt by the end of 1994 the SIR patent technology offered by Phillips. In order to intensify administration in this field, the State Council began to pursue the IPR work conference system in July 1994.

The Chinese Government made great efforts to crack down on piracy, but this did not mean that all problems would be thoroughly solved overnight. However, an American said: "I have no patience, and I am only concerned about the result." I also wanted to ask: Did the U.S. Government have any intention of cracking down on drug trafficking? Why does drug trafficking still continue in your country?

The Chinese Side Set Out Its Draft Declaration

A U.S. representative to the talks said recklessly and with an arrogant attitude: "Aren't the enterprises engaged in

piracy your state owned enterprises? Why didn't your government issue an order to close down such enterprises?" There must be good legal grounds for closing down an enterprise, and there must be evidence; otherwise, the factory has the right to demand compensation. The U.S. representatives also rudely criticized our country's judicial system, saying that "your judicial system is unreliable," "your market is out of control, laws are not enforced effectively, and there is no unified law enforcement authority."

The Chinese delegation certainly refuted such unreasonable arguments.

On 13 December 1994, in order to express the sincerity of the Chinese side, we delivered our draft of the Joint Declaration to the U.S. side, and the document was drafted according to the spirit of the State Council's IPR work conference.

In accordance with Article 5 of the Memorandum of Understanding—which reads: "the two governments will adopt effective measures in their own territories to prevent and check the encroachment of intellectual property rights, and to curb any further encroachment"—the draft statement summed up the main facts concerning what the Chinese side had done to implement the Memorandum of Understanding, as well as the Chinese side's promise to take new important measures to protect intellectual property rights. At the same time, according to the principle of keeping one's rights on a par with one's duties, we also required that the U.S. side promise to revise its patent law and other laws according to the requirements of TRIPS [acronym printed in English—expansion unknown]. According to its demands on China, the U.S. side itself should promise to set up the copyright confirmation system in its own country, and adopt customs measures for IPR protection (at present, the U.S. customs handles only imported products and does nothing to examine the IPR aspects of export commodities).

The Chinese Side Accepted the U.S. Legislative Proposal

That same evening, Lee Sands met with the Chinese negotiation representative, saying that he could not accept the document, which demanded changes in existing U.S. systems, as "the Chinese version may irritate Representative Kantor and all social circles in the United States."

Our representative refuted his peremptory arguments, and insisted that a bilateral agreement should make both sides enjoy rights and undertake commitments at the same time, and that the Chinese side would never accept an "agreement" based on the instructions of one side to another.

After the talks were bogged down in an impasse, Lee Sands again proposed that some demands of the U.S.

side be added to the "Implementation Guidelines" formulated by the State Council's IPR Work Conference, and then that the talks be concluded in the form of an exchange of documents.

Our side expressed agreement, and also proposed that the issue of market access not be included in the discussion on the IPR issue, indicating that the Chinese side would handle the legislative issue by giving consideration to the U.S. proposals.

Lee Sands expressed agreement in principle, and showed a positive attitude, while indicating willingness to give consideration to this.

The next day, when the representatives of the two sides met, the U.S. side gave its draft of the points to be added to China's "Implementation Guidelines." As expected, they included all the harsh demands in their original draft of the agreement, and showed an attitude completely different from that on the previous evening by insisting that agreement on market access must be reached in the IPR talks.

We said that we would do our utmost and would work out our own revised draft not later than the morning of 16 December.

That day, shortly after noon, while our representatives were too busy with their work to have lunch, Lee Sands stalked off and left Beijing without giving us any notice.

Two Signal Flares Were Shot to the Sky

The two signal flares of "retaliation" and "counter-retaliation" already have been shot to the sky by the United States and China. The two sides are still discussing the resumption of the talks. It is always difficult to predict the final result, but there will be only two possibilities. The Chinese Government is always willing to reach agreement, as long as the proposals raised by the United States are reasonable, and will give consideration to the U.S. side's opinion when taking actions. Whether the coming talks will achieve a good result and whether the two sides will call off their reciprocal trade retaliations will depend entirely on the attitude of the U.S. side.

(The article was originally carried by ZHONGGUO QINGNIAN BAO.)

Article States Case Against U.S. IPR Demands

HK1401075395 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0821 GMT 8 Jan 95

["Special article" by correspondent He Chong (6320 3095): "Can China and the United States Avoid an Imminent Trade War?"]

[FBIS Translated Text] Hong Kong, 8 Jan (ZHONGGUO TONGXUN SHE)—Now is the critical moment determining whether the dispute between China and the

United States on intellectual property rights [IPR] protection will escalate into a trade war. The United States announced on New Year's Eve that it would levy 100 percent tariffs on 23 Chinese goods in 35 days. China immediately responded with retaliatory measures, and maintained a tough stand. At the same time, however, the Chinese State Copyright Administration urged people throughout the country to resist pirated products, and stated it would sternly punish units and individuals that manufacture, sell, or export pirated goods. These measures showed that China was stepping up efforts to stop piracy, and did not want to wage a trade war with the United States. However, the United States disregarded China's efforts and insisted one-sidedly on applying "sanctions" on China. Since China was capable of counter-sanctions, it was determined to play along.

The sword wielded by the United States in working against China is "Article 301"; its objective being none other than to use "sanctions" as a pressure on China to force it to bow to U.S. wishes, so as to secure greater benefits for itself. For example: It demands that China open its film, disc, publication, and software markets to the United States. A trade war will leave both sides emaciated, and is not what the United States really wants. The fact that it allowed a 35-day grace period in its announcement of sanctions shows that it is leaving room to maneuver, both for itself and its opponent. So while it is maintaining a high profile, the United States stated at the same time that it hoped to reopen negotiations with China between 18 and 20 January. In effect, it really is expecting China to make greater concessions, leading to a "draw" in which "both sides are winners."

Knowing U.S. tricks only too well, China first confronted U.S. pressure with a counter-hit list, then mobilized the masses to protect Chinese and foreign IPRs, while intensifying its crackdown on piracy, thereby doing its best to avoid a trade war with the United States. The PRC Press and Publications Administration spokesman said: China's current copyright system is fairly perfect, but as a developing country, the awareness of copyright among the broad mass of the people is still at an elementary stage. At present, there are two kinds of copyright pirates: Those who do not understand copyright laws, and professional criminals, who make their living by pirating. In view of this, China this year will further perfect copyright protection, intensify its crackdown on pirates, tackle a number of major and serious piracy cases, and educate the public in not providing opportunities to pirates. A mass campaign to resist piracy will be mounted this year which will urge the public not to buy from shops suspected of pirating, and to take the initiative of collecting evidence and reporting on piracy. At the same time, the authorities will amend the copyright law, of three years' standing, to provide protection on newly produced IPRs and to coordinate to a greater extent with overseas IPR organizations.

In fact, China has made great efforts in recent years to protect IPRs, though being a developing country its

capacity often fell short of what was required by operations against piracy. When the United States demanded that China abide by standards set for developed countries, it became unrealistic and was asking for the impossible from China. It took 30 to 50 years for the United States and other developed countries to enact a relatively complete body of laws on IPR protection, and for citizens to be generally educated in this aspect of the law. China started off relatively late in enacting laws to protect IPRs. China, for example, implemented the "Trademark Law" only in 1982, the "Patent Law" in 1984, the "Technology Contract Law" in 1987, and the "Copyright Law" in 1990, and it was not until 1994 that it promulgated the "White Paper on IPR protection in China," passed the "Decisions To Punish Copyright Infringements," and joined such international organizations as the World Copyright Convention. It took China only about 10 years to enact a body of relatively perfect law. The problem is a very poor understanding of IPR laws among the general public, which has given openings to pirates. Failing to take note of China's efforts, the United States and other developed countries wanted to China to attain the developed-country level overnight. China could not possibly accede.

The United States—based on information provided by diplomats and tourists, and gained from hearsay—pointed out that there are 29 laser disc factories pursuing piracy in China. They produce 75 million pirated discs annually, which costs U.S. audio-visual firms \$300 million annually. This is a much-inflated account. In fact, the annual output of all laser disc factories in China amounts to only 60 million discs, having an output value of less than \$300 million. Moreover an overwhelming majority of them are from the production of legal copies. It was arbitrary and unreasonable of the United States to demand that China shut down all 29 factories based on wrong information; moreover it smacked of interference in China's internal affairs. Naturally China firmly rejected the demand.

In fact, China last year launched many massive swoops on venues and markets selling pirated books, discs, and films, and the results are widely known. Last year alone, China found 1.5 million pirated publications, seized and burned 2.2 million pirated discs, and shut down three factories engaged in piracy, indicating the severity of its law enforcement. However, China is a large country, so it is very difficult to root out piracy. In fact, many developed countries have yet to achieve this.

What should be pointed out is that the unreasonable demands made by the United States toward the end of last year at the Sino-U.S. IPR talks could not possibly be accepted by China. Examples are: The United States wanted China to amend its civil litigation and IPR laws, shorten the duration of trials, and lower lawsuit fees. It wanted China to conduct two searches a week of major commercial centers for copyright infringements, and to report the results to the U.S. Government on a quarterly basis, and so on. These demands represented blatant

interference in China's internal affairs, and naturally they were flatly rejected and rebutted by China.

China has stated its position and attitude very clearly. Let us see if the United States will "be satisfied with what it got and call it quits," and avert an imminent trade war.

Beijing To Adopt 'Practical' Stance in IPR Talks
HK1301143595 Beijing ZHONGGUO XINWEN SHE
in English 1336 GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (CNS)—According to the Ministry of Foreign Trade and Economic Co-operation, China will continue to take active and practical attitude towards the reopening of Sino-American intellectual property rights [IPR] negotiation on January 18, 1995. An official of the Ministry said that China would try her best to reach an agreement but it was the sincerity of America side that determined whether the talk would be successful or not.

Seven rounds of talks were held between China and America concerning intellectual property rights protection last year. This time, China has made an active response to the America's suggestion of reopening of the negotiation in mid-January. Li Lanqing, vice-premier of the State Council of China has once written to the trade representative of America, hoping that the contradiction between both sides on this issue can be settled through consultation on the basis of mutual respect of state sovereignty, equality and mutual benefit.

Recently China has been keeping in contact with America. The American Intellectual Property Rights Association and the relevant departments are willing to put forward "constructive suggestions". This seems to be a good sign, however, the key of the problem is that the American side should do what she says. [as received]

English Beam Views Perry's Visit to Pakistan, India

OW1301123295 Beijing China Radio International in English to Western North America 0400 GMT 13 Jan 95

["News Analysis" by (Jiu Hong) of China Radio International; from the "World News" program]

[FBIS Transcribed Text] British Foreign Secretary Douglas Hurd concluded his respective visits to India and Pakistan with U.S. Defense Secretary William Perry following suit as he is now paying official visit to the same two nations. The two leaders have each touched off sensitive issues facing India and Pakistan. Hurd's visit brought about the Kashmir dispute, while Perry highlights the nuclear issue.

The Kashmir issue throughout the history has always ignited disputes between India and Pakistan. During the British foreign secretary's stay in New Delhi, he offered a three-point proposal of the Kashmir issue: dialogue

between India and Pakistan, democratic and political process in the area, and an end to external military support. His remarks aroused strong protest from the Pakistani Government. Pakistan insists the crisis does not originate from the so-called external military support. Pakistan reiterated its stand for a UN-supervised referendum to solve the issue, a referendum previously called for in UN Security Council resolutions. However, few signs have shown that Britain's attitude toward the Kashmir dispute has changed after the foreign secretary's two-day visit to Islamabad. The British Government has agreed to contribute about \$18 million for Pakistan's social action program. Some observers describe the move as a bid to comfort the Pakistani side.

The nuclear nonproliferation is another hot issue between India and Pakistan. Pakistan insists India must first guarantee it will not conduct experimental nuclear programs before Pakistan signs the proposed nuclear nonproliferation treaty. Some observers say during the U.S. defense secretary's visit to the two countries, he would find balancing the Indo-Pakistan relationship a difficult, if not impossible, task. Early signs indicate the visit will strengthen relations between Britain, the United States, and the two South Asian nations. However, observers say it will take more than these initial visits from the Western community to improve the relations between India and Pakistan.

Zou Jiahua, Canadian Nuclear Energy Executive Hold Talks

OW1601121895 Beijing XINHUA in English 1033
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with Reid Morden, President of Atomic Energy of Canada Ltd, and his party here this afternoon.

Morden and his party are here as guests of China National Nuclear Corporation and they have come for discussing with the host corporation the possibility of cooperation on heavy water reactor project.

Central Eurasia

Reportage on Belarusian President's Visit

Envoy Previews Visit

OW1501092095 Beijing XINHUA in English 0714
GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—The coming China visit by Belarussian President Aleksandr Grigoryevich Lukashenko would boost Belarus-China cooperative relations and expand the economic exchanges between the two countries, said Chalimo Mihail, charge d'Affairs ad interim of the Belarussian Embassy in Beijing.

During President Lukashenko's China trip, scheduled for January 17 to 19, the two sides would issue a joint communique, as well as signing agreement on exemption of double taxation on investments and on aviation, Chalimo released in an interview with XINHUA.

The trip would also take the President to Shanghai, China's largest economic center, besides Beijing, said Chalimo, who came to China in March 1993 to establish Belarus' embassy.

Belarus has seen an active economic and trade links with China since the country became independent from the former Soviet Union, Chalimo noted, adding that the 1992 trade volume between the two countries was 33.95 million U.S. dollars and the figure of 1993 hit 46.23 million U.S. dollars.

Belarussian products such as automobiles and optical instruments are welcomed by the Chinese consumers while China's products of light industry and agriculture enjoy a broad market in Belarus, according to Chalimo.

Up to now, China has set up nearly 30 enterprises or joint ventures in Belarus, covering the fields of agriculture, catering trade, import and export business, industry, computer softwares and daily necessities, and Belarus is also running its enterprises in China, involving some nonferrous metals and electronics

Chalimo said his country hopes to push Belarus-China ties to a new high and predicted that President Lukashenko's China tour would be crowned with a success.

Belarus President Interviewed

OW1601070195 Beijing XINHUA in English 0637
GMT 16 Jan 95

[FBIS Transcribed Text] Minsk, January 16 (XINHUA)—Belarus should develop friendly ties with China as there exist great potential and a bright future for Sino-Belarus economic and trade cooperation, Belarus President Alyaksandr Lukashenka said.

In a recent interview with XINHUA before his first official visit to China since he became Belarus president last July, Lukashenka underscored the significance of developing the amicable cooperative relations between Belarus and China.

He said Belarus attaches great importance to relations with China, a great country and the first nation outside the former Soviet Union to which he is going to pay an official visit.

The president's three-day tour was scheduled to begin on Tuesday [17 January].

Belarus and China have maintained a very good and friendly relationship, and Belarus is greatly interested in many aspects of China, particularly its economic reform, Lukashenko said. He added that Belarus can learn a lot from China's experiences.

There is great potential for the two countries to cooperate in many fields, especially in trade, the Belarus president noted.

China is most interested in Belarus heavy machinery and high technology, while Chinese light industrial products are attractive to Belarus people, Lukashenko added.

He expressed the hope that China will display to Belarus more of its peculiar culture and art so that the Belarus people can understand China better.

Referring to the Belarus foreign policy, Lukashenko said Belarus is ready to develop overall relations with countries throughout the world, with all former Soviet republics in particular.

Belarus will continue to work for its economic integration with Russia, Ukraine and other countries of the Independent States of Commonwealth (CIS), he said.

On domestic situation, the president said that his nation is going to hold a general election and furthering the economic reform this year.

Belarus Leader Departs on Visit

OW1601234995 Beijing XINHUA in English 1947
GMT 16 Jan 95

[FBIS Transcribed Text] Moscow, January 16 (XINHUA)—Belarus President Alyaksandr Lukashenka is flying to China today on an official visit, according to reports from Minsk, capital of the former Soviet republic.

He left Minsk for Beijing by air at 18:00 local time. Before his departure, he said in a TV address to the nation that he believed his trip would succeed.

In Beijing, Lukashenka is expected to meet a number of Chinese leaders including President Jiang Zemin and Premier Li Peng. The two sides are expected to discuss prospects for bilateral trade- economic, scientific, cultural and educational cooperation.

Belarus President Arrives in Beijing

OW1701050495 Beijing XINHUA in English 0413
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Belarus President Alyaksandr Lukashenka arrived here today for a three-day state visit as guest of Chinese President Jiang Zemin.

This is Lukashenka's first trip to China since he became Belarus first president last July.

Late in the day, President Jiang is scheduled to host a ceremony to welcome the Belarus leader.

During the visit, Lukashenka is expected to discuss with Chinese leaders the furthering of bilateral relations as well as international and regional issues of mutual interest.

Kazakhstan Tries To Become Oil Powerhouse

OW1601064195 Beijing XINHUA in English 0547
GMT 16 Jan 95

["Roundup: Kazakhstan Trying To Become Oil Powerhouse"—XINHUA headline]

[FBIS Transcribed Text] Almaty, January 15 (XINHUA)—Kazakhstan, targeting its oil production at about 200 million barrels in 1995 and 330 million barrels before 2000, is trying to become an oil powerhouse in Central Asia by the end of the century.

The former Soviet republic, with proven oil deposits of some 15.3 billion barrels and gas reserves of 1.8 trillion cubic meters, has only 55 of its 160 oil fields being explored.

It was reported that in 1991, just before the disintegration of the former Soviet Union, Kazakhstan produced 193 million barrels of oil. But oil production declined to 135 million barrels in 1993 and further went down to about 122 million barrels last year.

The decline has reportedly resulted from obsolete equipment, lack of funds and shortage of facilities for transporting crude oil.

However, facing a serious economic crisis, the Kazakh government has decided to restore its prestige as an oil-rich country by concentrating most of the foreign investment on the oil industry.

In April 1993, the American Chevron Corporation first set up a joint venture with Kazakhstan to explore oil in an oil field in the west of the country.

The state-run British Gas and the state-owned Italian oil firm Agip later followed Chevron's steps to join hands with Kazakhstan's oil companies.

The World Bank decided to invest 1.3 billion U.S. dollars to help explore oil in the country.

Kazakhstan established a group company with Russia and Oman last April to lay pipelines across the Caspian Sea to the Black Sea port city of Novorossiysk. The whole project will cost some 1 billion dollars.

It is hoped that the project will make the landlocked country, which has great difficulty shipping its crude oil to the international market, more attractive to investors.

Companies from Japan, Canada, Germany and Turkey are also actively seeking cooperation with the country.

At the same time, the Kazakh government has quickened the process of working out economic legislation as the reform is being deepened across the country.

Under the Foreign Investment Law, which the parliament passed at the end of last year, the Kazakh government will provide guarantees to foreign investors, who are entitled to the same rights as those enjoyed by local residents and companies.

The law also grants foreign investors the right to remit their legally-earned foreign exchange out of the country.

Another oil law, which the parliament has ratified and which it is believed will accelerate the recovery of the country's oil industry, provides for measures for foreign companies to invest in the country's oil industry.

Analysts say that Kazakhstan will reach its goal of becoming a major oil producer in Central Asia if political stability can be maintained in the country.

Northeast Asia

Li Peng Sends Message To Murayama Over Earthquake

OW1701093395 Beijing XINHUA in English 0900
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Chinese Premier Li Peng has sent a message to Japanese Prime Minister Tomiichi Murayama to express sympathy and solicitude for the Japanese people, who suffered the biggest earthquake in half a century this morning.

Premier Li also expressed condolences on the deaths in the quake on behalf of the Chinese people and their government.

"I believe that with the efficient guiding of your (Japanese) government, the people in the quake-stricken area will soon start to rebuild their homeland and have a normal life and production at early," the premier said.

The quake, which measured 7.2 on the open-ended Richter scale, struck central Japan at 5:46 a.m. [2046 GMT] local time. At least 800 people were killed and 531 others are missing.

Li Lanqing Meets Japanese Visitors

OW1301133895 Beijing XINHUA in English 1303
GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (XINHUA)—Chinese Vice-Premier Li Lanqing met with the president of the Japanese Overseas Economic Cooperation Fund Akira Nishigaki, and his party, here at noon today, to talk about Japanese loans to China.

This afternoon, Nishigaki and vice-minister of China's Foreign Trade and Economic Cooperation Gu Yongjiang signed an agreement on the third group of Japanese loans to China for 1994.

After the signing ceremony, Chinese Foreign Trade Minister Wu Yi, who exchanged views with Nishigaki on issues of common concern, said that cooperations between China and the Fund has been smooth, and Japanese loans to China have been beneficial to both sides.

Nishigaki and his party came as guests of China's Ministry of Foreign Trade and Economic Cooperation, and are scheduled to visit Haikou, Sanya, Guangzhou and Shenzhen.

Japan Provides Loans for China

OW1301134795 Beijing XINHUA in English 1313
GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (XINHUA)—An exchange of views between the Japanese and Chinese governments and an agreement on the third group of Japanese loans to China for 1994, totalling 140.342 billion Japanese Yen, were signed here this afternoon.

Japanese Ambassador to China Michihiko Kunihiro and Chinese Vice- Foreign Minister Tang Jiaxuan signed documents on behalf of their respective governments.

President of the Japanese Overseas Economic Cooperation Fund Akira Nishigaki and Chinese Vice-Minister of Foreign Trade and Economic Cooperation (MOFTEC) Gu Yongjiang signed the agreement.

Chinese Foreign Trade Minister Wu Yi attended the signing ceremony.

The Japanese loans will go into 15 projects for communications, power industry and agriculture.

The Japanese started in 1979 providing such loans for China through this Japanese fund. So far, the Japanese Government has committed three loans, amounting to 1.681 trillion Japanese yen.

'Commentary' Views 'Positive' Changes in Korea Situation

HK1301144895 Beijing RENMIN RIBAO in Chinese
11 Jan 95 p 6

["Short commentary" by Gu Ping (0657 1627): "Positive Changes in Situation on the Korean Peninsula"]

[FBIS Translated Text] A spokesman from the DPRK Ministry of Foreign Affairs announced on 9 January that the DPRK had decided to lift restrictions on imports of U.S. goods to its market and the entry of U.S. merchant ships to its ports, thus completely fulfilling its commitment to reduce trade and investment barriers as stipulated by the DPRK-U.S. framework agreement on the nuclear issue. It was reported that the United States would also announce in the middle of this month that it would relax restrictions on trade with the DPRK and allow American firms to ship goods to the DPRK and investigate investment possibilities there. The first shipment of heavy oil promised by the United States will arrive in the country soon. It can thus be seen that the DPRK-U.S. framework agreement is being implemented smoothly and the situation on the Korean peninsula keeps developing in a positive direction.

Since the DPRK and United States reached a framework agreement on the Korean nuclear issue in the last ten days of October, the situation on the Korean Peninsula has obviously moved toward relaxation. Since the beginning of December, a series of positive developments have again taken place in the peninsula's situation. In early December, an official DPRK delegation visited Washington for the first time, and, through four days of talks, the DPRK and United States agreed that they would dispatch experts to each other's capitals to conduct investigations on the selection of sites for their respective liaison offices in 1995; on 4 December, the ROK Government announced permission for the representatives of ROK enterprises to visit the DPRK to discuss cooperation; on 11 December, a 10-member party of U.S. senators arrived in Pyongyang by plane for a visit, and this was the first landing of a U.S. plane at a DPRK airport since the Korean armistice of 1953; and on 17 December, government officials of the United States, Japan, and the ROK agreed to form a multinational group to provide funds and materials for the DPRK to build light-water reactors, thus initially implementing the related stipulations of the framework agreement. After the U.S. helicopter intrusion incident on 17 December, both sides adopted a calm attitude and properly handled residual problems in a relatively short time. This fully shows that both the DPRK and the United States treasure the positive changes which have recently taken place in their relations.

From this state of affairs, people will naturally think about the fact that the situation on the Korean peninsula suddenly became tense six months ago. At that time, after the DPRK announced that it had replaced the nuclear fuel rods itself, the United States published draft sanctions against the former, which it planned to submit to the Security Council for discussion. Giving tit for tat, the DPRK declared that sanctions would mean war, and the situation on the Korean peninsula became continuously more explosive. The United States dispatched warships, put on a show of force, and even exaggerated the possibility of the outbreak of "a second Korean war." Nevertheless, the DPRK did not yield to U.S. pressure. Later on, through the efforts of the various sides concerned and mediation efforts by Mr. Carter, a framework agreement on the nuclear issue, which satisfied all sides concerned, was concluded in the end. A crisis was thus avoided. The positive changes in the situation on the Korean peninsula once again show that just applying pressure is of no use in handling conflicts, and, on the contrary, it intensifies contradictions. Only by engaging in dialogue on an equal footing and seeking common ground while reserving differences helps to eliminate differences and alleviate conflicts.

The relaxation of tension on the Korean peninsula has been universally welcomed by the international community. Naturally, there are still differences between the DPRK and the United States, and many practical problems need to be further discussed through negotiations. Moreover, it will take a long process of 10 years for the

DPRK and the United States to implement the framework agreement. So, some twists and turns will probably still occur in the situation. However, so long as all sides concerned treasure the hard-won situation of relaxation on the Korean peninsula and persist in embarking on the road of solving differences through dialogue, the goals of making the Korean peninsula nuclear-free and safeguarding the peninsula's stability will surely be achieved.

Travel to DPRK, Russia Offered to Tourists in Liaoning

*OW1401015995 Beijing XINHUA in English 0149
GMT 14 Jan 95*

[FBIS Transcribed Text] Shenyang, January 14 (XINHUA)—A dozen new programs offering cross-border trips to Russia and the Democratic People's Republic of Korea (DPRK) have been opened to attract tourists to northeast China's Liaoning Province.

Tourism in the industrial province is booming as a result of more income and leisure time. More and more urban people are spending their spare time in travelling.

Provincial tourism officials say that they are offering the cross-border trips as a means of attracting more tourists both from Liaoning and other areas, including overseas.

Other new trips will take tourists to Beijing and Dalian, to ancient battlefields in west Liaoning, to ice and snow-covered northern areas, and to the border river area and the Changbai mountains.

Tourism in the province created services and products worth 9 billion yuan last year, a rise of 45 percent from 1993. Liaoning received 240,000 foreign visitors, up by more than 10 percent, earning foreign currency worth 160 million U.S. dollars.

Some 33 million Chinese tourists visited the province's scenic spots last year, consuming goods and services worth 7.6 billion yuan, an increase of nearly 46 percent over 1993, said local officials.

ROK Firm To Cooperate With China in Oil Industry

*OW1401080895 Beijing XINHUA in English 0909
GMT 13 Jan 95*

[FBIS Transcribed Text] Beijing, January 13 (XINHUA)—The Taeryuk Group Corporation, based in the Republic of Korea (ROK), Thursday [12 January] signed a letter of intent with China's National Petroleum Corporation for co-operation in oil exploration and the petrochemicals industry.

The company has already co-operated with China in a large-scale agricultural development project on the Sanjiang Plain in northeast China's Heilongjiang Province.

Chang Tok-chin, chairman of the Taeryuk Group, told XINHUA that his company will strengthen its co-operation with China in agriculture and energy, which he described as "vital" to a country's economic development and people's life.

Chang Tok-chin was one of earliest entrepreneurs from the ROK to invest in China, in 1988, even before China and the ROK had established diplomatic ties. He is now an economic advisor to Heilongjiang.

In 1989 the Taeryuk Group, together with Heilongjiang, began to build a modern farm on the Sanjiang Plain, with a joint investment of more than 200 million yuan.

According to Chang, the farm went into business last July. They plan to complete the cultivation of the 38,000 ha [hectare] of land there by 1997.

Chang said that he felt encouraged, especially by Chinese Premier Li Peng, who showed interest in the project in a recent meeting with him.

He said the Chinese premier expressed his hope that the co-operation in the project, based on mutual benefit, would be a success.

Chang, who held positions in the ROK cabinet in the 1970s, said that the economic co-operation between the ROK and China has witnessed great progress within a short period.

Chang said that he is confident that the establishment of Sino-ROK diplomatic ties would help expand their economic cooperation.

Chang said such co-operation should be conducted on the basis of "sincerity and mutual benefit" and with "high efficiency".

Enhancing exchanges of visits and deepening mutual understanding are the key factors for successful co-operation, he added.

Chang has sponsored two groups of trainees from Heilongjiang to study and conduct investigations in his country.

Southeast Asia & Pacific

Central Committee Sends Condolences to Laos

BK1401153395 Beijing China Radio International in Lao 1230 GMT 13 Jan 95

[Message of condolences from CPC Central Committee to Lao People's Revolutionary Party Central Committee on death of Souphanouvong—dated 10 January 1995]

[FBIS Translated Text] We are deeply saddened to be shockingly informed of the passing away of Comrade Souphanouvong, adviser to the Lao People's Revolutionary Party [LPRP] Central Committee. Comrade Souphanouvong was an esteemed leader of the Lao party and state. He was an outstanding politician and social activist. He used to serve as member of the LPRP Central Committee Political Bureau, president of state, and chairman of the National Assembly of the Lao People's Democratic Republic. Comrade Souphanouvong devoted all of his life to the revolutionary cause and

the national construction cause of Laos. He was worthy of being a beloved, outstanding son and nephew of the Lao people.

The demise of Comrade Souphanouvong is considered a great loss of the Lao party and state. It is also a loss of a close friend for the CPC and the Chinese people. We hereby express our profoundly grievous sorrow over his death. We also would like to express warm regards to the LPRP Central Committee along with the family and relatives of Comrade Souphanouvong. We believe that you comrades will turn the sorrow into strength to lead the Lao construction and renovation cause to a new, ever greater success.

[Signed] The CPC Central Committee

[Dated] Beijing, 10 January 1995

Lao Envoy Discusses Trade, Economic Cooperation

BK1601135795 Beijing China Radio International in Lao 1230 GMT 13 Jan 95

[Correspondent's "Recent" Interview With Khamla Keophithoun, economic and trade counselor of the Lao Embassy in Beijing—recorded]

[FBIS Translated Text] [Khamla Keophithoun] I would like to express my sincere thanks for giving me the time to inform your listeners about the socioeconomic achievements in Laos and the results of Lao-Chinese ties and cooperation in 1994.

Our national economy has developed steadily last year. Our financial status remains stable, while the annual growth rate increased to between seven and eight percent; seven percent in the agricultural sector, eight to nine percent in the industrial sector, and seven percent in the services sector. Our earnings from taxes rose by 6.8 percent while per capita income rose to between four and five percent compared to 1993, or an estimated U.S. \$335. The prices of commodities have changed slightly. The inflation rate was between seven and eight percent. State investment in infrastructure rose to 139.5 billion kips, with 34.1 billion kips coming from domestic sources and 105.4 billion kips from foreign sources.

Foreign aid and earnings derived from our cooperation [with foreign countries] in 1993-94 was worth some U.S. \$211.7 million, including 141.7 million from gratis aid and 70.3 million from loans with low interest rates.

In the first nine months of 1994, the government approved 104 investment projects totalling U.S. \$443 million submitted by 22 countries. The government also specifically approved six hydroelectric projects worth U.S. \$4.08 billion.

In trade, the government has pursued a policy to promote the manufacture of goods for domestic consumption and export. In 1994, our exports were worth U.S. \$317.8 million. They comprised primary goods such as

electricity, tin, gypsum, cardamom, resin, coffee, clothes, timber, and wood products. In addition, some goods such as electrical appliances, clothes, transport vehicles, luxurious items, and others also passed through our country and were reexported. Last year, we imported goods worth U.S. \$449.9 million, namely construction materials, electrical equipment, farm machines, spare parts, and fuel oil, which came from Thailand, Japan, Singapore, China, and a number of European common market countries.

Our industrial production also increased by 17.5 percent. The country's largest export was electricity with its total output at 949.13 million kilowatt/hours. Total production of plywood was 800 metric tons. Clothes, corrugated iron sheets, beer, beverages, were some of the goods we produced for export.

Our government invested 55 percent of the national budget in infrastructure, such as building 486 kilometers of new roads, repairing 1,810 kilometers of old roads, building 12 medium-size and large bridges, two airfields, installing telecommunications systems to give us more convenience when contacting the outside world, building a cement plant, and water supply systems in four southern provinces.

After Prime Minister Khamtai Siphandon's visit to the PRC, ties and comprehensive cooperation with China have deepened. A total of 32 Lao delegations, 11 from the economic sector alone, have visited the PRC so far. Meanwhile, China has sent 18 delegations to visit Laos, including 12 economic teams. China has invested in 46 projects in Laos totalling U.S. \$53.8 million, primarily in construction, agriculture, wood processing, trading, hotels, garment, tourism, and services. The PRC ranks fifth among foreign countries investing in the Lao People's Democratic Republic (LPDR). Laos has successfully managed and used loans and gratis aid from the PRC Government. Trade with China is expected to increase each passing day, for example cross-border trade which essentially contributes to improving the lives of Laotians at the border. In the first nine months of 1994, trade with China rose to U.S. \$15.378 million; U.S. \$2.367 million flowing from Laos into China and U.S. \$13.01 million from China into Laos. All this clearly shows that our economic relations and cooperation have developed constantly.

To create favorable conditions for trade, the LPDR National Bank governor recently visited the PRC to discuss with his Chinese counterparts ways to regulate banking, especially trade. The emphasis on Lao-Chinese ties is primarily in trade. In 1995, Laos and China will strive to promote economic ties both in the state and private sectors. We will continue to promote cooperation by implementing many projects that are economically beneficial to each other.

As for the long-standing Lao-Chinese ties, in 1995 we will exchange more economic, trade, and cooperation delegations with one another so as to find more efficient

ways to raise our economic cooperation and to elevate our ties to a higher degree. [end Khamla Keophithoun recording]

Luo Gan Begins Visit to Malaysia 14 Jan

OW1401171595 Beijing XINHUA in English 1600 GMT 14 Jan 95

[FBIS Transcribed Text] Kuala Lumpur, January 14 (XINHUA)—Luo Gan, State Councilor and Secretary-General of the State Council of China arrived here tonight for a 9-day friendly visit to Malaysia.

Luo Gan and his party including Assistant Foreign Minister Wang Yingfan, flew in from Brunei where he paid a visit from Wednesday [11 January].

Receiving Luo at the airport was Abang Abu Bakar [name as received], Minister in the Prime Minister's Department of Malaysia and Qian Jinchang, Chinese ambassador to Malaysia.

Malaysia Supports WTO Bid

OW1601171795 Beijing XINHUA in English 1607 GMT 16 Jan 95

[FBIS Transcribed Text] Kuala Lumpur, January 16 (XINHUA)—Malaysia fully supports China to be a member of the World Trade Organization (WTO), Prime Minister Mohamed Mahathir said here today.

When meeting Luo Gan, State Councilor and Secretary-General of the State Council of China, Mahathir said Malaysia does not think that China will pose any threat to other countries, instead it sees a stable and prosperous country as a guarantee for peace in the region and the world at large.

Luo and his party arrived here Saturday [14 January] after paying a visit to Brunei.

During the 50-minute conversation, Luo praised Malaysia for its achievements in rapid economic growth while containing inflation at a low rate.

He said Malaysia has been playing an active role in maintaining peace and stability in the region and the world.

Luo reiterated the Chinese Government's active support for the East Asia Economic Caucus (EAEC) and hoped that with common efforts of countries concerned, the EAEC concept will make substantial progress.

Luo said his visit is mainly aimed at getting knowledge about Malaysia's practice and experience in government operations including administrative management and public servants system.

Minesweeping Task Along Border With SRV Completed

OW1301111895 Beijing XINHUA Domestic Service in Chinese 0832 GMT 13 Jan 95

[By correspondent Huang Zhengde (7806 2973 1795)]

[FBIS Translated Text] Nanning, 13 Jan (XINHUA)—After more than 500 days of work, a formal announcement was made recently on the completion of the mine-sweeping task in Guangxi's Sino-Vietnamese border area. The minesweeping task in Yunnan's Sino-Vietnamese border area was successfully completed in November 1994. So, the task of minesweeping as a whole along the Sino-Vietnamese border, assigned by the State Council and the Central Military Commission, has successfully been completed.

Since June 1993, the officers and men performing mine-sweeping task along the several thousand km of boundary line in Guangxi have removed more than 700,000 land mines of various types and opened up some 150 border passages and more than 7 million square meters of land for use by border residents.

The Guangxi Military District considers the mine-sweeping task as an actual deed in supporting local reform, opening up, trade and economic development. During the more than 500 days, the officers and men worked day and night in more than 30 border minefields in Ningming, Pingxiang, Longzhou, Jingxi, and three other counties and cities. A number of heroes and model persons have successfully emerged, such as Yang Guoqing who is known as "The King of Minesweeping," and Deng Xinhui who sacrificed his legs and saved the lives of some comrades-in-arms.

The removal of land mines benefits local people. The officers and men performing the minesweeping task also helped border residents promote border trade. In moving earth and crushing stones, they completed more than 240,000 cubic meters of earth and stone work, and helped local people build 45 border trade stations. After the removal of mines, the Guangxi border is now a scene of prosperity bustling with activity.

Near East & South Asia

Chinese Trade Delegation Begins Visit to Sudan

OW1601172795 Beijing XINHUA in English 1603
GMT 16 Jan 95

[FBIS Transcribed Text] Khartoum, January 16 (XINHUA)—A week-long ceremony of trade, economic and investment ties between China and Sudan opened today at the friendship hall in the Sudanese capital of Khartoum.

Inaugurating the event, Sudanese Minister of Industry and Trade Taj al-Sirr Mustafa 'Adb-al-Salam said his country welcomed Chinese businessmen, saying that special privileges would be given them in the fields of trade, economy and investment.

Greeting members of the Chinese trade and economic delegation, he said their visit to Sudan signifies the profound friendly relations between the two countries.

The leader of the Chinese delegation, Chen Guangming, Vice-Director of the West Asia and Africa Department at the Ministry of Foreign Trade and Economic Cooperation, said the delegation's visit to Sudan would provide businessmen of the two countries a chance to hold a serious dialogue on bilateral cooperation in the trade, economic and investment domains and for Chinese businessmen to learn about Sudan's economic potentials.

He also praised the rapid development of cordial relations between China and Sudan.

The inaugural ceremony was attended by a large number of Sudanese government officials, Sudanese businessmen and members of the Chinese delegation as well as Chinese Ambassador to Sudan Wu Decheng.

A similar week-long event for the promotion of trade, economic and investment ties between the two countries was organized by Sudan last year. This is the second such event.

The volume of trade between China and Sudan exceeded 84 million dollars last fiscal year, according to Sudanese customs statistics.

General Fu Quanyou Calls on Bangladesh President

OW1401092395 Beijing XINHUA in English 0903
GMT 14 Jan 95

[FBIS Transcribed Text] Dhaka, January 14 (XINHUA)—Bangladesh President Abdur Rahman Biswas today highly appreciated the traditional friendly relations between the peoples as well as the armed forces of China and Bangladesh.

Talking to the visiting Chinese military delegation headed by General Fu Quanyou, Chief of General Logistics of PLA (People's Liberation Army), who called on him at the Presidential House this morning, Biswas expressed his appreciation of China's policies and stands on "all the international affairs", saying that "the friendship between China and Bangladesh is on the basis of justice and equality".

The president noted that as one of the third world countries, Bangladesh needs to further strengthen its defense capabilities for upholding its independence and national sovereignty and "the high level visits between China and Bangladesh will certainly benefit mutual understanding and cooperation between the peoples as well as the armed forces of the two countries".

General Fu, who is also member of the Chinese central Military Commission, noted that the government of Bangladesh "is now pursuing a series of economic reforms suitable to its national conditions and has already made remarkable achievements in its economic development.

Describing the friendly relation between the two countries as "time-tested" one, General Fu said no matter what happens in the world situation, "the friendship and cooperations between the two countries will remain from generation to generation on the basis of the five principles of peaceful coexistence".

General Fu, the head of the visiting nine-member Chinese military delegation, also called on the Chief of Army Staff Lieutenant General Abdul Halim, Chief of Naval Staff Rear Admiral Mohammad Mohaimenul Islam and Chief of Air Staff Air Vice Marshal Altaf Hosain Chowdhury here this morning.

The Chinese delegation arrived in Dhaka on Thursday [12 January] for a four-day goodwill visit.

More on Meeting

OW1501054195 Beijing XINHUA in English 0513
GMT 15 Jan 95

[FBIS Transcribed Text] Dhaka, January 15 (XINHUA)—A visiting Chinese military delegation headed by General Fu Quanyou, chief of the General Logistics Department of the Chinese People's Liberation Army, paid a courtesy call on Bangladesh Prime Minister Khaleda Zia at her office here Saturday [14 January] night.

Describing the bilateral relations between the two friendly countries as historic and traditional, the prime minister expressed the hope that the current visit of the Chinese delegation would further strengthen the ties between the two countries.

General Fu appreciated the warm hospitality accorded to his delegation by the people of Bangladesh.

The Chinese general also met with President Abdur Rahman Biswas and chiefs of the three services of the Bangladesh armed forces Saturday and discussed matters of mutual interest with them.

Jiang Zemin Replaces Ambassador to India

OW1301133595 Beijing XINHUA Domestic Service in Chinese 1111 GMT 13 Jan 95

[FBIS Translated Text] Beijing, 13 Jan (XINHUA)—In accordance with a decision made by the National People's Congress Standing Committee, President Jiang Zemin of the People's Republic of China appointed and removed following Chinese ambassadors:

Removed Cheng Ruisheng as ambassador extraordinary and plenipotentiary to the Republic of India;

Appointed Pei Yuanying as ambassador extraordinary and plenipotentiary to the Republic of India.

XINHUA Notes Perry's India Visit "Strengthened" Ties

OW1301144695 Beijing XINHUA in English 1420
GMT 13 Jan 95

["Roundup" by Li Jiasheng: "Indo-US Military Ties Strengthened"]

[FBIS Transcribed Text] New Delhi, January 13 (XINHUA)—India and the United States have signed an agreement of cooperation on defense during the current US Defense Secretary William Perry's visit to the country, the first one in the last four decades between the two countries.

Perry came here Thursday [12 January] after spending two days in Islamabad, Pakistan, on an identical mission—strengthening defense ties with Pakistan and getting a detailed official account of its threat perceptions.

During his visit here, Perry explained his government's approach in working for the improvement of military ties with both India and Pakistan. This, according to him, would put the US in a position of mutual trust and respect with the two countries and thus, contribute to security and stability of the region.

The new defense cooperation minutes, which was signed here on January 12, will cover civilian-to-civilian cooperation, service-to-service cooperation and cooperation in defense production and research. All efforts will be made for concurrent progress to be achieved in all three areas of cooperation. Both sides recognized the importance of enhancing their defense cooperation as an important part of their overall bilateral relationship. Mutual concerns about new threats to international security ensure appropriate conditions for expanding Indo-US military cooperation and contacts to their mutual benefits.

Both India and the US were satisfied over the signing of the military cooperation minutes. Perry said, "This begins the process for deepening and strengthening the security relations between India and the US. I call this significant and really historic because we have been now more than four decades absent that kind of security relationship."

A foreign office spokesman of India said, the agreed minute represented a step forward, besides giving a formal shape to what had already been envisaged.

During his talks with Pakistan and Indian leaders, Perry was reported to have tried his best to persuade them to give up development of nuclear weapons and missiles for the sake of improving Indo-Pak relations and regional peace and security, but failed. "What I stressed was the importance of not escalating any of the activities in weapons of mass destruction, either missiles or nuclear weapons," Perry said. With no nuclear agreement insight, the US is hoping to persuade both countries not to deploy missiles that could carry nuclear arms. US Under-Secretary of State for Political Affairs Peter Tarnoff said in Washington on January 12 that the Clinton Administration would continue to pursue its non-proliferation goals with India and Pakistan. "A whole range of proliferation issues have been constant factors in our relations with both India and Pakistan over the past decade. We want to continue to pursue these issues in the hope that some progress will be made," he said.

Referring to disputed Kashmir issue, Perry said that the US government has no ready-made solutions to the vexed Kashmir issue but like India and Pakistan thrash out the differences on priority basis.

Pakistani Official Tells XINHUA of Indian 'Retaliation'

OW1501075595 Beijing XINHUA in English 0724
GMT 15 Jan 95

[FBIS Transcribed Text] Islamabad, January 15 (XINHUA)—A high Pakistan official said here today "it is a retaliation that the Indian government has asked Pakistan to withdraw 15 staff members from the Pakistan High Commission in New Delhi."

The official, who asked not to be named, told XINHUA in a telephone interview that India is retaliating on the Pakistan government's decision to close down the Indian Consulate General in Karachi last December.

The official said the Indian side did not give any reason for this move. The Pakistan government will formally react on this issue soon, he added.

On December 26 last year, the Pakistan government ordered India to close its consulate and withdraw all the staff members within ten days in Karachi. The decision was based on clear and fresh evidence that India was involved in Karachi violence, according to the Pakistan government.

On January 4, 1995, three Indian diplomats, 15 working staffs and 28 relatives left Karachi for New Delhi.

West Europe

Li Peng, French Minister on Nuclear Power Cooperation

OW1401152395 Beijing XINHUA Domestic Service in Chinese 1209 GMT 14 Jan 95

[By reporter Zhang Rongdian (1728 2837 0368)]

[FBIS Translated Text] Beijing, 14 Jan (XINHUA)—Premier Li Peng met with Jose Rossi, visiting French minister of industry, posts, telecommunications, and foreign trade, and his party in Zhongnanhai this afternoon. They both said that their governments support the expansion of nuclear power cooperation between the two countries.

Li Peng extended his welcome to Rossi on his first visit to China since he assumed his current post. Li Peng said: Since the normalization of relations between China and France a year ago, cooperation and exchanges between the two sides have witnessed new development. President Jiang Zemin's visit to France and Prime Minister Balladur's China tour last year were important indicators of the further improvement of bilateral relations.

Li Peng said: The economies of the two countries are highly complementary and herald a broad range of cooperation, in which electric power cooperation is an important aspect. During the course of building the Daya Bay nuclear power plant, the two sides have made concerted efforts and have cooperated sincerely with each other. The power plant has been operating very well for a year, and we are satisfied with it. He said: The successful completion of the Daya Bay power plant has caused an accumulation of experience and has laid a foundation for further bilateral cooperation. The Chinese Government supports enterprises of the two countries in expanding nuclear power cooperation.

During the meeting, Rossi forwarded to Premier Li Peng a letter from Prime Minister Balladur. Rossi said: The French Government attaches great importance to the further strengthening and development of bilateral relations, especially economic and trade relations. China's fast-growing economy is very attractive to French business circles, and the field of electric power is a vast area for cooperation. He said: The French Government actively supports its relevant enterprises in enlarging their collaboration with China in nuclear power, and it has made efforts to help enterprises of the two countries reach cooperation agreements.

Present at the meeting were Ye Qing, vice minister of the State Planning Commission; Yao Zhenyan, president of the State Development Bank; and Zan Yunlong, president and general manager of the Guangdong Nuclear Power Group Company, Ltd. of China.

More on Meeting

OW1401132195 Beijing XINHUA in English 1301
GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—Chinese Premier Li Peng met with Jose Rossi, visiting French Minister of Industry, Posts, Telecommunications and Foreign Trade, here this afternoon.

They both agreed to expand nuclear power cooperation between the two countries.

Li said that since the normalization of relations between China and France a year ago, cooperation and exchanges between the two have witnessed new development.

He noted that Chinese President Jiang Zemin's visit to France and French Prime Minister Edouard Balladur's China tour last year signified further improvement of Sino-French ties.

Li said that the two economies are complementary and herald a broad range of cooperation, in which electric power plays a prominent part.

Expressing his appreciations over the concerted efforts from both sides in the construction of Da Ya Bay Nuclear Power Plant, Li said that the success of the plant had laid a solid foundation for further bilateral cooperation.

Rossi said that the French Government attaches great importance to the further development of bilateral relations, especially the economic and trade links.

He said that China's fast growing economy is very attractive to the French business circle, adding that the prospects of cooperation in the field of electric power are promising.

The French Government actively encourages its relevant enterprises to enlarge their collaboration with China in nuclear power and to make their efforts to help reach cooperation agreements between the enterprises of the two countries, he added.

Rossi 'Optimistic' on Contract

HK1301152295 Hong Kong AFP in English 1508 GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, Jan 13 (AFP)—French minister for industry, telecommunications and trade, Jose Rossi, said here Friday he was optimistic that French and European companies would be awarded rights to build a second nuclear power plant in southern China.

After meeting with Chinese officials, Rossi voiced "cautious optimism" that French firm Framatome and GEC-Alsthom—owned by French and British interests—would be awarded rights to build a nuclear plant in the southern province of Guangdong.

The plant would be built at Lingao, near the existing nuclear power station at Daya Bay—also built by Framatome and GEC-Alsthom—and be equipped with two 900 megawatt reactors.

The French minister arrived here early Friday for a fact-finding mission and hopes to sign a number of agreements on industrial cooperation.

Memorandum Signed

OW1501093795 Beijing XINHUA in English 0920 GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—A Memorandum of Understanding on the Construction of Daya Bay Second Nuclear Power Station in south China's Guangdong Province was signed by Chinese and French governments here today.

Ye Qing, Chinese vice-minister of the State Planning Commission, and Jose Rossi, French minister of Industry, Posts, Telecommunication and Foreign Trade, signed the memorandum on behalf of their respective governments.

According to the memorandum, Framatome Corporation of France hopes to provide Nuclear Island for the first two units of the Second Nuclear Power Station of Daya Bay, and the China Guangdong Nuclear Power Holding Co. LTD. (CGNPHC), considering the proper

price and credit conditions offered by Framatome, is willing to purchase its Nuclear Island equipment.

The Chinese and French governments have approved the Award Intention Agreement signed by CGNPHC and Framatome and the Memorandum of Credit signed by the State Development Bank of China and Paris National Bank yesterday in Beijing, the memorandum said. Prior to the signing ceremony, Chinese Vice-Premier Zou Jiahua met with Rossi. He said that the cooperation between China and France on the construction of Daya Bay Second Nuclear Power Station, would promote bilateral ties.

Rossi said that the memorandum is of significant importance for future cooperation between the two nations.

China and France had conducted successful cooperation in the construction of the First Nuclear Power Station in Daya Bay.

Two pressurized water reactor nuclear power units, imported from France and Britain, were put into operation in February and May last year and the output of electricity incorporated into the network in 1994 reached 10.762 billion Kilowatt/hour.

Zou Jiahua Attends Signing

OW1501171995 Beijing XINHUA Domestic Service in Chinese 0848 GMT 15 Jan 95

[By reporter Zhang Rongdian (1728 2837 0368)]

[FBIS Translated Text] Beijing, 15 Jan (XINHUA)—The Chinese and French Governments today in Beijing signed a Memorandum of Understanding on the Construction of the Second Daya Bay Nuclear Power Plant in Guangdong.

As Ye Qing, vice minister of the State Planning Commission, and Jose Rossi, French minister of industry, posts, telecommunications, and foreign trade, signed the document on behalf of their governments, Chinese and foreign photojournalists used their cameras and flashes to capture the significant moment.

The memorandum states: The Framatome Corporation of France hopes to have an opportunity to provide nuclear island [he dao 2702 1497] equipment for the first two generating units at the Second Nuclear Power Plant in Guangdong. The China Guangdong Nuclear Power Holding Company Limited [CGNPHC] is willing to purchase nuclear island equipment from the Framatome Corporation after having concluded that Framatome can satisfy its requirements for technical improvements, that the price and credit terms are appropriate, that the Framatome Corporation agrees to transfer engineering design and managerial skills, and that the move will help make China's nuclear power industry independent and locally based.

The memorandum points out: The Chinese and French Governments have approved the "Award Intention

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Agreement" on providing nuclear island equipment for the Second Daya Bay Nuclear Power Plant in Guangdong signed by CGNPHC and Framatome in Beijing on 14 January after negotiations, as well as the "Memorandum of Credit" regarding France's provision of loans for the nuclear power plant signed by the State Development Bank of China and the Paris National Bank in Beijing on 14 January.

The memorandum states: Both sides hope to further strengthen and develop friendly relations and cooperation between the two countries in the future in the construction and power generation of the Second Daya Bay Nuclear Power Plant in Guangdong.

After the signing ceremony, the hall erupted into prolonged, thunderous applause. State Council Vice Premier Zou Jiahua, the relevant Chinese and French Government officials, and entrepreneurs who attended the ceremony raised their glasses as they greeted the signing of the important document.

Prior to the signing ceremony, Vice Premier Zou Jiahua met with Minister Rossi and his delegation. Zou Jiahua said: Sino-French cooperation in the construction of the Second Daya Bay Nuclear Power Plant in Guangdong will play a positive role in promoting the expansion of Sino-French friendly relations and cooperation.

Rossi said: The signing of this memorandum of understanding is extremely important for future cooperation between France and China.

China and France have cooperated well in the construction of the First Daya Bay Nuclear Power Plant in Guangdong. That plant's two 900,000-kw pressurized water-reactor, nuclear-power-generating units, imported from France and Britain, went into commercial operation on 1 February and 6 May of last year, respectively. The electricity output incorporated into the power grid in 1994 was 10.762 billion kwh.

France Extends Biggest Ever Export Credit for Daya Bay 2

HK1601131095 Hong Kong AFP in English 1126 GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, Jan 16 (AFP)—China saved up to 188 million dollars on the financing of the second Daya Bay nuclear facility in southern China by signing the deal just hours before interest rates went up, a senior banker said Monday.

Signing of the 15-billion-Franc (2.83 billion dollar) export credit deal on January 15 came just before the Organisation for Economic Cooperation and Development (OECD) raised its rate, fixed every six months, from 6.95 percent to 8.35 percent.

Speaking at a press conference, Jacques Desponts, director of specialised financing at the Banque Nationale

de Paris (BNP), which is leading the deal, said it was the largest and most important export credit ever undertaken by France.

The initial memorandum of understanding signed on January 14 between BNP, appointed by the French Government, and the Chinese State Development Bank, provides for about 15 billion francs fixed interest credit for 15 years. Repayment of the loan will be complete seven years after the end of construction. "It shows the French government took a really big step in guaranteeing such a large fixed interest credit for a total period of 22 years," Desponts said.

Some 95 percent of the funding cost will be guaranteed by the French Government's export guarantee department, Coface, and its British equivalent, the European Credit Guarantee department (ECGD).

BNP is lead manager for the French export credit, for the nuclear and intermediary units, and for one-third of the conventional unit to be supplied by France. The bank will also act as co-lead manager—with West Merchant Bank Ltd.—for the British export credit related to the British portion of the conventional unit.

Desponts said, "the talks schedule was so tight that BNP signed without being able to band together a syndicate of banks, but we have already received an avalanche of enquiries from other bankers."

BNP said that syndication was likely to be completed within a matter of weeks. BNP headed a syndicate of 20 banks which extended 14 billion francs to the the first Daya Bay plant.

A syndicate of about 15 banks was envisaged for the new project, with about three to six co-managers, Desponts said, adding that BNP would provide 20 to 30 percent of that portion of the funding.

French firms Framatome and Electricite de France, together with Franco-British company GEC-Alsthom will build the facility, due for completion by 2002.

BNP, which in 1980 became the first French bank to enter China, has seven offices in the country and is France's leading house for export credit financing, Desponts said.

Icelandic Assembly Speaker Leaves Guangzhou for Hong Kong

OW1601133695 Beijing XINHUA in English 1321 GMT 16 Jan 95

[FBIS Transcribed Text] Guangzhou, January 16 (XINHUA)—Salome Thorkelsdottir, speaker of the Icelandic Althing (National Assembly), and her party left here for Hong Kong by train this morning at the end of their official goodwill visit to China.

They were seen off at the railway station by Cheng Zhiqing, vice-chairman of the Standing Committee of

the Guangdong Provincial People's Congress, and Li Yongtai, member of the National People's Congress (NPC) Standing Committee.

Thorkelsdottir and her party arrived here from Shanghai by air on January 14. On that day evening, Lin Ruo, chairman of the Guangdong Provincial People's Congress Standing Committee, met with and gave a banquet in honor of the guests.

During the meeting, Lin briefed the visitors on achievements that the Guangdong province has made in reform and opening up to the outside world.

Thorkelsdottir said the visit has helped her acquaint herself with the rapid development of China, hoping that the exchanges and friendship between the Icelandic Althing and China's NPC will be deepened and bilateral cooperation in economy, culture and other aspects enhanced.

Spokesman Urges Vatican To Sever Taiwan Ties

HK1401075495 Hong Kong AFP in English 0714 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, Jan 14 (AFP)—China issued a fresh call Saturday on the Vatican to break diplomatic ties with Taiwan, only hours ahead of a radio message Pope John Paul II was scheduled to deliver to Chinese Catholics.

"Our position has not changed. The Vatican should sever its so-called diplomatic relations with Taiwan and recognize the People's Republic of China as the sole legal government of China," said a foreign ministry spokesman. "The Vatican must not interfere in China's internal affairs, including religious affairs," the spokesman added in a telephone interview.

China severed relations with the Vatican in 1957 after the Holy See recognised Taiwan which Beijing considers a renegade province. The mainland then set up an official church, known as the patriotic church, under state control, but an estimated three to 10 million Chinese Catholics remain faithful to Rome. They are members of the so-called silent church, which is supported by the Vatican and regularly persecuted by the communist regime.

On Friday, the patriotic church also appealed to the Vatican to break its ties with Taiwan so that Beijing and the Holy See could establish relations "as soon as possible." Liu Bonian, the church's vice-president, said "we want to see a rapid rapprochement between China and the Vatican and we hope that diplomatic relations will be established as soon as possible. There are no fundamental contradictions between our two churches, we have the same beliefs, and normalisation is only a question of time, although one cannot say exactly when it will take place," said Liu. The essential thing was for the Vatican to break its diplomatic ties with Taiwan and not interfere in China's internal affairs, he added.

In an interview published Thursday in Rome, the Bishop of Shanghai, Jin Luxian, said normalisation of relations between China and the Vatican were "imminent."

The pope is in the Philippines to attend World Youth Day celebrations on Sunday, before going on to Papua New Guinea, Australia and Sri Lanka. He is expected to deliver a special message to Catholics in China during a visit Saturday to the Catholic radio station Radio Veritas in Manila, which is celebrating its 25th anniversary. Its short-wave broadcasts to East Asia cover Japan, China, Taiwan and Korea and also the Indian subcontinent and southeast Asia. Its signal also reaches the Asian part of the former Soviet Union and Mongolia. It broadcasts daily in 14 languages.

The pope might also meet a delegation of young Chinese priests who have said they would like to celebrate mass jointly with the pope on Sunday, if asked. One of them, Chu Hanyu, said the delegation foresaw "no problem" with Beijing if they were asked.

Vice Premier Zou Jiahua Meets British Businessman

OW1601080895 Beijing XINHUA in English 0757 GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with John Browne, Manager Director of British Petroleum Company (BP), and his party here this afternoon.

They exchanged views on the expansion of BP's investment in China.

Browne and his party arrived here yesterday as guests of China National Offshore Oil Corporation.

Britain to Provide China With Export Credits

MS1401113895 London THE DAILY TELEGRAPH in English 14 Jan 95 p 1

[Report by Graham Hutchings: "Britain Gives China 1bn (billion) Pounds Incentive to Boost Trade"]

[Text] Wuhan—Britain is providing 1 billion pounds worth of export credits to China to try to improve relations with Beijing and allow UK firms to catch up with competitors in the booming Chinese market. The sum, by far the largest Britain has granted to China, focuses on the industrial city of Wuhan. The deal was signed in October, but has been kept quiet for "commercial reasons", Beijing sources said yesterday.

Sino-British relations have been soured by the row over political reform in Hong Kong in the run-up to the hand-over of the colony in two and a half years' time.

Britain has so far not made the agreement public apparently to maximise its political effect, possibly by announcing it when Qian Qichen, the Chinese foreign minister, makes an expected visit to London this year.

Mr Qian has acknowledged only that he has been invited. He will take up the invitation when there is a realistic prospect of an improvement in relations, the Chinese foreign ministry said.

The accord, a copy of which has been seen by The Daily Telegraph, is essentially one between the Department of Trade and Industry and the municipal government of Wuhan, a city of seven million people on the Yangtze river.

The fact that so much money is involved may raise eyebrows in Britain because of China's continuing poor record on human rights.

Despite vast improvements in overall living standards, hundreds of Chinese languish in prisons and labour camps because of their political and religious views. Last month a court jailed a group of dissidents for up to 20 years for "counter-revolutionary crimes"—Beijing's description of peaceful attempts to promote freedom and democracy.

Two weeks ago it was disclosed that China had composed a secret blacklist of exiled dissidents whom it had effectively dumped on the West by refusing them re-entry.

Keen to tap into the world's fastest growing economy, most Western countries have severed the link—imposed after the 1989 massacre of protesters in Beijing—between trade and human rights in their relations with China. However, Britain's commercial effort has been handicapped by the row over Hong Kong.

Late last year China blocked a visit by Mr Richard Needham, the Minister of State at the Department of Trade, although Beijing has since said he would be welcome.

The Beijing embassy emphasised that there was no question of throwing money at the Chinese. "The agreement provides export credit cover for deals that are done," an official said. "It is not a question of money for the Chinese."

China would not be able to use the credits to buy products other than those provided by British firms, he added. But he conceded that the wording of the accord was very vague and did not commit the Chinese to buying British goods.

In one clause the Wuhan government merely acknowledges the fact that Britain hopes that its firms will be considered favourably when bidding for contracts.

"No one would want to put the document before lawyers," the embassy official said. "It is a typical agreement of the kind you sign with the Chinese. I suspect both sides have different interpretations of it."

An export credit guarantee is an insurance policy that covers exporters for the value of their shipments. The exporter pays a premium and, if a foreign customer fails to pay for the goods, the exporter makes a claim on the policy to obtain his money.

Government-backed export loans to China are underwritten by the Treasury and operate through the Export Credits Guarantee Department. The department currently provides around 15 billion pounds of cover in world markets, including the risks of war, foreign exchange restrictions and government interference.

China has been one of the leading markets for years and currently has 1.5 billion pounds of trade insured. The last support announced for China—backing for 75 million pounds of exports in telecommunications and engineering goods—illustrates the scale of the latest commitment.

News of the Wuhan agreement coincided with the renewal of a link between the city and Manchester.

The lord mayor of Manchester Councillor Sheila Smith, led a delegation to Wuhan to sign the accord. One of the delegates said that the party had been advised by the British embassy in Beijing not to raise human rights questions because its hosts would have no authority to do anything about the problem.

The Wuhan agreement deals mainly with the telecommunications industry, which is vital to the city by virtue of its position in the centre of the country.

A telecommunications training centre will be set up with British funds as a first step towards securing lucrative contracts.

Several companies plan to visit Wuhan next month with official Government backing. Among those interested in the market are Northern Telecom, Pirelli Cables and GEC Marconi.

Hong Kong firms are active in Wuhan, but local officials say that the largest joint venture project is currently France's Citroen plant.

Political & Social**Hong Kong Media Discusses Health of Deng Xiaoping****'Generally Speaking' Deng in Good Health***HK1701092995 Hong Kong AFP in English 0925 GMT 17 Jan 95*

[FBIS Transcribed Text] Beijing, Jan 17 (AFP)—Deng Xiaoping "is generally speaking" in good health, a foreign ministry spokesman said Tuesday, in the first official reaction since the patriarch's daughter said his condition was deteriorating daily.

"As far as we know, for an old man in his 90's, Comrade Deng Xiaoping is generally speaking in good health," the spokesman said.

Deng's youngest daughter, Deng Rong, revealed for the first time last week that her 90-year-old father was unable to stand, fuelling speculation that he was approaching death.

The use of the phrase "as far as we know," was significant, suggesting that the ministry was not necessarily aware of Deng's true condition. In the past, the ministry has used unequivocal language in denying that Deng is on his death bed and stressing that he is in good health.

The official reaction came five days after the publication of Deng Rong's remarks to The New York Times, which were widely seen as preparing the world for Deng's eventual demise. "Someday, there will be a day when he passes away," she said in a rare interview.

Shanghai Visit 'Unlikely'*HK1401034495 Hong Kong LIEN HO PAO in Chinese 14 Jan 95 p 1*

[Unidentified special correspondent's report from Beijing: "Deng Xiaoping in Worsening Condition Twice Recently, Not Expected To Spend Spring Festival in Shanghai"]

[FBIS Translated Text] According to official sources in Beijing, CPC paramount leader Deng Xiaoping has been seriously ill, and the CPC top authorities have urged the quarters concerned to give him more effective medical treatment in order to stabilize his health condition as soon as possible. It is said that Deng Xiaoping has been in critical condition twice since the beginning of the new year. A crack medical team is always nursing him.

According to the sources, the CPC top authorities are extremely concerned about the condition of Deng Xiaoping's health recently, and have demanded that the medical team be on 24-hour standby and that it observe changes in Deng's condition of illness intensively. Recently, abnormal phenomena have occurred regarding Deng's lungs, heart, and blood pressure.

The sources said that Deng Xiaoping's condition could be critical at any moment. According to his worsening health condition, it is very unlikely that he will spend the Spring Festival in Shanghai, as in previous years.

Leaders Said on 'Full Alert'*HK1401043795 Hong Kong HONGKONG STANDARD in English 14 Jan 95 p 1*

[By China Editor Cary Huang and agencies]

[FBIS Transcribed Excerpt] Chinese leader Deng Xiaoping's health is steadily deteriorating and he is unable to stand or walk, his daughter says. Daughter and official biographer Xiao Rong appeared to prepare the world for the death of China's most powerful man with the first candid assessment of his failing health. "His health declines day by day ... People have to understand that he's 90 years old, an old man. And some day there will be a day when he passes away," Ms Xiao said in an interview in yesterday's NEW YORK TIMES.

Chinese sources said last night that the top leadership was on full alert in preparation for the possible shock of Mr Deng's death. Regular reports about Mr Deng's condition have been distributed among senior party, government and army officials in past months.

"It is obvious that he will not travel to Shanghai this winter (nor) appear on the screen at this Lunar New Year festival as he did in past years," a Beijing-based diplomat said. [passage omitted]

The report has triggered panic selling of shares in Hong Kong and China's two emerging stock exchanges. Local shares plunged 2.09 per cent ahead of the morning close. The blue-chip Hang Seng Index fell 154.89 points to 7,263.16 on turnover of HK\$1.38 billion. "This report (on Mr Deng) sounds quite serious and it's hard to tell how big the market's reaction to it will be," said an associate sales director at Vickers Ballas, Antony Mak. Shanghai and Shenzhen's hard currency B-Shares closed at a one-year low, brokers said. The Shanghai B-share index dived 0.92 point, or 1.62 per cent, to 55.77, the lowest close since the start of 1994, on heavy overseas selling, floor sources said.

Report on Health of Deng Xiaoping, Chen Yun*HK1701031295 Hong Kong LIEN HO PAO in Chinese 17 Jan 95 p 1*

[Report From Taipei and Beijing by LIEN HO PAO's China News Center: "Deng Is Unlikely to Spend Spring Festival in Shanghai, Chen Yun Is Hospitalized for Serious Illness"]

[FBIS Translated Text] According to people close to Deng Xiaoping, they are certain that Deng will not spend the Chinese New Year in Shanghai this year, and will not appear in public for any occasion.

Reportedly, Deng's health is much poorer than before, and the cyclical changes of his health between improvement and deterioration are more frequent. When he appeared in public during the Spring Festival period last year in Shanghai, outsiders were shocked by his appearance, but his health was not that bad. After the Spring Festival, his health worsened, but he recovered and was able to tour Beijing by car. Then, his health condition worsened again, and improved somewhat during the period of the Fourth Plenum of the party Central Committee. Recently, his health got markedly worse.

The source definitely said that Deng Xiaoping would not be able to go to the south this year unless "a miracle happens."

According to another source, when Deng Xiaoping went to Shanghai last year, his special train stopped over in Shandong, and Jiang Chunyun, then secretary of the Shandong provincial party committee, met Deng at the railway station. People in Shandong, however, did not receive any information about Deng's trip to the south this year.

Chen Yun, another top senior CPC leader as important as Deng, rarely appeared on public occasions after he returned from Shanghai to Beijing last year. According to sources, Chen Yun was actually hospitalized for a serious illness. It is very likely that he is in Hospital 301.

The sources said: The central leaders in Beijing will certainly gather, as usual, to exchange new year's greetings during the Spring Festival, and General Secretary Jiang Zemin will preside over the meeting and a speech will be given by Premier Li Peng. The meeting will also be televised live to the outside world. This year, the meeting will be held on 29 January so that cadres at all levels may have a good rest on New Year's Day (31 January). Reportedly, the change was made by Jiang Zemin, and this showed that Jiang Zemin's position was rather firm and he would not have to meet the old and new cadres on the New Year's Day in order to curry favor with them.

The sources also said, however, that if Deng Xiaoping dies in the near future, other senior party leaders, such as Bo Yibo and Peng Zhen, may still exert certain influence on Jiang Zemin.

Doctor Compares Recent Deng Photo to Last Days of Mao

HK1501030095 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 15 Jan 95 p 1

[By Simon Beck in Washington]

[FBIS Transcribed Text] Mao Zedong's former doctor, who nursed the Chinese leader through his final days in 1976, believes Deng Xiaoping's time is almost up. "I think Deng's days will not be long. I can see that his condition is very serious," Dr Li Zhisui said.

When Dr Li, who now lives outside Chicago, saw the most recent photograph of Mr Deng, on a trip to Shanghai a year ago, he said his worst fears were confirmed. "When I saw that picture he looked just as Mao did in his last six months," he said.

Dr Li, who served as Mao's personal physician for many years, recently published "My Life With Chairman Mao," a best-selling, warts-and-all account of the chairman's reign.

Although the doctor said he could not diagnose Mr Deng's health problems without seeing him in person, the pictures suggested he was suffering from a severe neurological disorder, as well as a diabetic condition. His lifelong smoking habit would also have affected his respiratory system. "I can see clearly that his mouth can't close properly, which is an indication of trouble with his nervous system. He seems also to have shrunk in size," he said.

The doctor's comments come on the heels of the paramount leader's daughter Deng Rong's revelation to THE NEW YORK TIMES that his health is in decline and that he can no longer stand or walk. Dr Li said he assumed high-ranking leaders such as President Jiang Zemin and Prime Minister Li Peng knew the truth, but that for most of the country, the true nature of Mr Deng's condition, even the fact of his death, would be kept under a heavy veil. "His disease and death could tremendously influence the economy and the political struggle inside the party," he said. Even though Mao was slowly dying for two years, even members of the Politburo were denied the truth about his ailments, Dr Li recalled.

Meanwhile, about 10,000 copies of Dr Li's book have been smuggled into China and are being sold on the black market, allegedly for up to 1,000 yuan (HK\$910) each, according to information the author has received from inside the country. He said his friends had told him the book was required reading among cadres, albeit covertly.

CCTV Feature on Nuclear Industry Shows Deng

OW1501164095 Beijing Central Television Program One Network in Mandarin 1447 GMT 12 Jan 95

[From the "National News Hookup" program]

[FBIS Editorial Report] Beijing Central Television Program One Network in Mandarin at 1447 GMT on 12 January broadcasts a special program commemorating the 40th anniversary of the founding of China's nuclear industry.

Entitled "A Historical Stride," the 34-minute program features film footage showing the development of China's nuclear program, first for military purposes and then for both military and peaceful use.

The feature program begins with the narrator's words: "Forty years ago, Mao Zedong invited Zhou Enlai, Liu

Shaoqi, Zhu De, Chen Yun, Deng Xiaoping, and other leaders of the Republic to Zhongnanhai to view a special stone brought there by three special guests: Li Siguang, Liu Jie, and Qian Sanqiang." As the narration continues, film footage shows Deng Xiaoping, along with the aforementioned leaders, entering Zhongnanhai. The narrator says: "The radiation detector carried by a scientist made a loud noise when it came close to the stone. Mao Zedong said excitedly that 'As long as we have people and natural resources, we can create all kinds of miracles. We must have atomic bombs.' To a young republic in a state of poverty and material scarcity with a thousand things waiting to be done, the phrase we must have atomic bombs was undoubtedly an extremely difficult choice. However, in the face of the overbearing nuclear threat from the imperialists, the choice was undoubtedly a bold, farsighted strategic policy decision vital to the fundamental interests of the nation. Since then, people have regarded that day as the founding day of China's nuclear industry." As the narration continues, film footage shows Deng Xiaoping, along with the aforementioned leaders, entering Zhongnanhai, and Mao Zedong making a speech.

The narrator then describes the difficult course China undertook to develop its nuclear industry from scratch, the courage and perseverance of Chinese scientists in continuing their research and development after the USSR's sudden withdrawal of its assistance, the prospecting for and development of uranium, the building of a contingent of tens of thousands of nuclear scientists, the explosion of China's first atomic bomb on 16 October 1964, the successful test of its first hydrogen bomb on 17 June 1967, and the launching of a nuclear-powered submarine four years later. In summarizing this period of nuclear development with a focus on military applications, the narrator quotes the words of Deng Xiaoping: "Whether in the past or today or tomorrow, China must develop its own high technology and take its place in the world's high technology field. Had China not had atomic and hydrogen bombs and launched satellites in the 1960's and afterward, China would not have been regarded as a power of major influence and would not have enjoyed its current international status. These things reflect a nation's ability and serve as the earmarks of a prosperous country." The film footage, which is undated, shows Deng Xiaoping reviewing troops at a National Day celebration in Tiananmen Square.

Turning to China's nuclear development in a "new era when nations compete with their overall national strength in place of military rivalry," the narrator discusses the industry's shift from pure military applications to dual-purpose applications, in developing products for profit in a market economy. In citing the achievements made in this area, the narrator notes the development of more than 800 kinds of isotopes, the cultivation of some 400 fine crop varieties through the use of radiation technology, the extensive use of nuclear technology in medicine, the production of nuclear fuel, the building of the Qinshan and Daya Bay nuclear power

plants, and the exchanges and cooperation with foreign countries in the nuclear energy field. Film footage, also undated, shows Deng Xiaoping meeting with foreign visitors at an unspecified place. The feature program concludes with the statement that China's nuclear industry is expected to shine even more brilliantly in the new era.

CPC Paper Quotes Jiang Zemin: West Still 'Chief Enemy'

AU1601141595 Hamburg DER SPIEGEL in German
16 Jan 95 p 110

[Unattributed report: "West Remains Chief Enemy"]

[FBIS Translated Text] The communists are preparing for the era following Deng Xiaoping. His daughter Deng Rong disclosed last week: "His state of health is declining every day." The Politburo called a special meeting. The reason: Deng's doctors had reported on 1 January, and again two days later, that the senior Communist Party man is in a very critical condition. As a first precaution to prevent potential unrest after Deng's death, the complete surveillance of all dissidents was ordered. Party Chairman Jiang Zemin tried to win the support of the hardliners in the People's Liberation Army. "Anyone who criticizes me for clinking glasses with Western leaders, should know that this is only for tactical reasons," he told officers in the southern Chinese city of Chengdu, according to a confidential Central Committee circular which has been made available to DER SPIEGEL. "I am aware of the fact that the West remains our chief enemy."

RENMIN RIBAO Urges Obedience to Jiang Zemin

HK1701072795 Hong Kong AFP in English 0628 GMT
17 Jan 95

[By Philippe Massonnet]

[FBIS Transcribed Text] Beijing, Jan 17 (AFP)—Amidst growing disquiet over the health of paramount leader Deng Xiaoping, the Chinese communist party Tuesday exhorted its cadres to obey their chief, Jiang Zemin, and unquestioningly follow policies set down by the top leadership.

"China obtained remarkable successes in all fields in 1994 under the leadership of the Central Committee, with comrade Jiang Zemin as its core," the People's Daily [RENMIN RIBAO] said in the opening line of an editorial headlined, "A global view of the situation." "The current policies are suited to the actual conditions and fully reflect the spirit of Deng Xiaoping's speeches during his southern tour in 1992," the party organ said. "We are perfectly handling the relationship between reform, development and stability," its editorial said, adding, "it is imperative to apply this policy now and over the long term."

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The editorial appeared a day after the party daily warned of "new circumstances" looming over the country and called on the people to unite around Deng Thought. Analysts in Beijing saw Tuesday's editorial as part of a campaign to prepare world opinion to the passing of the ailing patriarch and smooth the way for his anointed successor and head of state Jiang, who also holds the post of party general secretary. The campaign gathered steam last week with statements attributed to one of his daughters, Deng Rong, who said the 90-year-old Deng's health was declining with each passing day. The publication of a photo of Deng taken on October 1, showing an enfeebled old man, lent gravity to growing concern over the state of his health and drew attention to preparations for his succession. Deng has failed to appear in public since February 9 last year when he was shown on television to mark the Lunar New Year festival.

The People's Daily Monday called on the leaders of party branches and the provinces to strictly obey the central leadership. Observers believe this call reflects the Chinese leadership's increasing worry over the rise of regionalism. "Socialism with Chinese characteristics is like a chessboard, and in order to win, all the pieces have to carry out the role they have been allotted," the editorial said, adding: "Regional interests have to subserve national interests." "Comrade Deng Xiaoping has often emphasized the need to take a global view of the situation. The overriding need this year is in fact to have such an integral view of things," the daily said.

Li Peng Oversees Passing of Draft Laws

OW1601154795 Beijing XINHUA in English 1514
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Li Peng, premier of the State Council, called the 29th executive meeting of the State Council this afternoon, which passed "the Insurance Law" (draft), the "Regulations Regarding the Management of State Compensation" (draft) and amendment to the "Taxation Law (draft)."

The Law on Insurance was drafted to standardize insurance activities, protect the interests and lawful rights of the insured and insurers and strengthen supervision and management of insurance work.

China's Law on State Compensation went into effect on the first day of 1995. The regulations on the management of compensation expenses was drafted to protect the rights of citizens, legal persons and other organizations to obtain compensation from the state.

China publicized the Taxation Law in 1992. The latest amendment to the law came out in accordance with the new changes in the taxation system.

The conference also decided that the Draft Law on Insurance and an amendment to the Taxation Law will be submitted to the Standing Committee of the National People's Congress (NPC) after it has been further

amended. The regulations on the management of state compensation will come into effect after it has been amended and promulgated by the State Council.

Jiang, Li Peng, Others Attend Zunyi Anniversary

OW1701125695 Beijing XINHUA in English 1234
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—A forum was held in the Great Hall of the People here today to mark the 60th anniversary of the Zunyi Meeting.

Top leaders of the Chinese Communist Party and government Jiang Zemin, Li Peng, Li Ruihuan, Zhu Rongji, Liu Huaqing and Hu Jintao attended the forum.

The 1935 enlarged meeting of the Political Bureau of the Party Central Committee at Zunyi, Guizhou Province, during January 15-17 corrected the erroneous "Left" line pursued from early 1931 to late 1934.

The meeting also changed the composition of the Party's leading body, established a leadership headed by the late Chairman Mao Zedong and set the Party line on the correct Marxist-Leninist track.

Addressing today's forum, Liu Huaqing, a Standing Committee Member of the Political Bureau of the Party Central Committee, said that the Zunyi Meeting proved that a political party leading a great revolution and construction must unswervingly combine the tenets of Marxism with specific conditions in China and take its own road.

The meeting also demonstrated that such a party must have a staunch central leading body with a nucleus, said Liu, who is also vice-chairman of the Central Military Commission.

In addition, the meeting showed that it is imperative to build the Chinese Communist Party into a proletarian vanguard with unified thinking, firm politically and consolidated organizationally, he added.

"Now, our Party is leading the entire Chinese people in undertaking causes not undertaken by our predecessors and overcoming problems not encountered by our predecessors," he said.

He expressed the belief that led by the Party Central Committee headed by Jiang Zemin and armed with Deng Xiaoping's theory of building socialism with Chinese characteristics, the whole Party, the whole army and the entire Chinese people will be able to surmount difficulties in the new "Long March" and build China into a powerful modernized socialist country in the new century.

Speaking at the forum, Hu Jintao, a Standing Committee Member of the Political Bureau of the Party Central Committee, stressed the need to carry forward the fine tradition of the Zunyi Meeting.

"It is imperative to unswervingly follow the principle of linking the tenets of Marxism with concrete conditions in China and firmly take our own road," he told the forum.

Hu, who is also a member of the Secretariat of the Party Central Committee, emphasized the importance of displaying the Party's advantages in ideological and political work, and taking effective measures to strengthen the Party's leadership and Party building.

He called on the Chinese people to strive, under the leadership of the Party Central Committee headed by Jiang Zemin, to build China into a "prosperous, democratic and civilized" socialist country.

Li Lanqing Praises Creation of Job Training Program

OW1601133795 Beijing XINHUA in English 1301 GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—A special program was launched here today to provide professional training for the unemployed.

Statistics show that there are 230 million unemployed people in China, including surplus labor in state enterprises and the countryside, as well as handicapped people capable of working.

The new program, called the "Warm Project", was initiated by Sun Qimeng, vice-chairman of the National People's Congress Standing Committee and president of the China Vocational Education Association.

At the launching ceremony, Ng Tsung, chairman of the Hong Kong-based Best Honest International (Holdings) Ltd, donated five million yuan to the association to aid the program.

Chinese Vice-Premier Li Lanqing sent a letter of congratulations on the establishment of the program, describing it as a "good deed" which benefits both the country and the people.

The program is now being promoted by Shanghai City, and Anhui and Fujian provinces.

Sun Qimeng is the president of the Committee for the Promotion of the Warm Project.

Li Ruihuan Urges More Support for Education

OW1401170895 Beijing XINHUA in English 1341 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—A senior Chinese leader today called on the whole society to show concern and support for the development of basic education.

Li Ruihuan, Chairman of the 8th National Committee of the Chinese People's Political Consultative Conference (CPPCC), told a CPPCC Standing Committee meeting

that the basic education, especially the nine-year compulsory education, is of uttermost importance in the country's overall educational development.

"The basic education, including pre-school, primary and secondary education is of vital importance because it is not only the foundation of higher education, but also crucial to improving the quality of the whole work force", he pointed out.

He told the ninth meeting of the Standing Committee of the CPPCC National Committee which closed here today that while remarkable achievements have been made in basic education, there are still many difficulties and problems urgently that need to be solved.

These include shortage of funds, still-low financial treatment of the teachers, and the needs in upgrading teaching methods and contents, he pointed out.

"In developing the basic education, which is a complicated systematic project, we should always bear in mind the reality of China, make use of the efforts of the whole society, and proceed in a planned, step-by-step way", noted Li, who is also a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee.

He urged officials at various levels, especially leading officials, to attach real importance to the development of basic education, suggesting that their performance concerning the development be taken as references for their appraisal and promotion.

Only with the attention of the leaders, can the whole society be mobilized to enhance the development, he pointed out.

In diversifying the forms of school-running, Li proposed continued encouragement on enterprises, institutions, social groups, community organizations and even individuals to open schools.

He stressed the importance of multi-channel fundraising, and called for more donations from all walks of life both in and outside China, and for the better use of the donations.

Li also pointed out that the development eventually has to rely on the efforts of the educational workers themselves. He called on the teachers all over the country to foster lofty ideas, work hard and contribute their whole life to the sacred educational cause of the country.

Li Guixian at Conference on Old-Age Welfare

IHK1701090895 Beijing XINHUA Domestic Service in Chinese 1250 GMT 5 Dec 94

[FBIS Translated Text] Beijing, 5 Dec (XINHUA)—At a meeting held in Beijing today on the study of policies on old-age provision in China, State Councillor Li Guixian stressed that the aging of the population would affect society and the economy and we must view it from a

strategic height, centralize planning, adopt correct policies in a timely manner, and prepare well in advance.

The study of policies on old-age provision was an aid program granted by UN Funds for Population Activities on the basis of the aging trend in China's population. It was launched in 1991 by the China National Committee on Aging and Institute of Gerontological Studies, when they assembled noted Chinese and overseas experts and old-age workers from the provinces, autonomous regions, and municipalities. Through special studies on 12 provinces and cities, researchers were able to obtain the latest information on the economic and social aspects and physical health of China's old-age population. In their research reports they made a range of policy recommendations and proposed to set up an old-age provision system jointly supported by individuals, families, community districts, and the state.

At the meeting Li Guixian highly commended the research results, saying that they were based closely on China's practical situations and useful as a reference for the government in formulating old-age policies.

Li Guixian believed that although the old-age bracket does not yet account for a large percentage of China's total population, it is a sizable number, with close to 110 million people over 60 years of age. The aging of the population and the old-age problem require serious attention. It calls for close coordination between theoretical and field workers, who, guided by correct theories and based on China's practical situation, will learn from all that is useful from foreign experiences, recommend correct measures and policies, and solve China's old-age problem.

Song Ping and the persons-in-charge of concerned state ministries and commissions, concerned departments of provinces, autonomous regions, and municipalities, and international organizations pursuing studies on old-age provision attended today's meeting.

Reports on Yang Shangkun's Visit to Shenzhen

Arrives 12 Jan

HK1301140095 Hong Kong MING PAO in Chinese 13 Jan 95 p B1

[FBIS Translated Text] A reliable source has revealed that former state president Yang Shangkun travelled down to Shenzhen yesterday for an inspection tour scheduled to last a few days before he heads for Zhuhai.

The source revealed that at 1200 yesterday, two minibuses carrying Yang Shangkun and his entourage departed from the Meilun Holiday Resort, Shekou, in the direction of the "Window of the World" [a theme park] under police escort.

Local officials said that Yang Shangkun had flown to Shenzhen yesterday morning and checked into the

Meilun Holiday Resort in Shekou. He was scheduled to stay for a few days and tour Shenzhen City proper. His next stop was Zhuhai.

The official declined to disclose the purpose of Yang's southern trip to Shenzhen.

The Meilun Holiday Resort is a high-class hotel in Shekou. Yang Shangkun has used this hotel before and had written an inscription of the hotel's name for it.

Tours Area, Lauds Deng's Foresight

HK1601052695 Hong Kong WEN WEI PO in Chinese 16 Jan 95 p A3

[Dispatch from Shenzhen: "Yang Shangkun Recently Inspected Shenzhen, Urged Seizing Fine Opportunity To Catch Up With Four Little Dragons of Asia in 20 Years"]

[FBIS Translated Text] Shenzhen, 15 Jan (WEN WEI PO)—Former state president Yang Shangkun toured Shenzhen between 30 December 1994 and 15 January 1995.

Li Youwei, city mayor and secretary of the Shenzhen City party committee, briefed Yang Shangkun on the development of reform, opening up, and the social economy in Shenzhen at a guesthouse on 8 January.

Yang Shangkun said: Having inspected Shenzhen, I feel confident about the special economic zone, where a number of young cadres who are capable, knowledgeable, and experienced have been brought up. They are the wealth of the nation. In the area around the Zhu Jiang Delta, cadres have an intense awareness of openness and the commodity economy, which is an advantage. Last year, given the comparatively centralized reform measures adopted by the state, Shenzhen effected a relatively smooth transition and succeeded in maintaining its microeconomic climate.

Yang Shangkun said: The success in building Shenzhen Special Economic Zone [SEZ] can be attributed to Comrade Xiaoping's foresight. The SEZ must seize golden opportunities, otherwise, it will not be able to catch up with world development. Catching up with the "four Asian little dragons" in 20 years is the mission assigned by Comrade Xiaoping to Guangdong. Today, competition with foreign countries primarily means competing with Southeast Asian countries. We must accelerate our development while surmounting difficulties.

There are only 900 days to the handover of Hong Kong's sovereignty to China. If Shenzhen remained what it was 20 years ago with only a tiny station at Lo Wu, how could it join tracks with Hong Kong? Still less should we talk about competing with Hong Kong. The Shenzhen SEZ should create experiences so that it can steadily face the changeover in Hong Kong and endeavor to maintain Hong Kong's prosperity under the condition of "one country, two systems."

Shenzhen Paper Reports on Inspection

HK1701083695 Shenzhen SHENZHEN TEQU BAO in Chinese 16 Jan 95 p 1

[By Zhu Shilong (2612 0013 7893): "Comrade Yang Shangkun Inspects Shenzhen"]

[FBIS Translated Text] Between 30 December and 15 January, former state president Yang Shangkun inspected Shenzhen.

On 8 January, Mayor Li Youwei, secretary of the Shenzhen city party committee, delivered a work report about Shenzhen's reform, opening up, and socioeconomic development to Comrade Yang Shangkun at the city's guest house.

Since Comrade Xiaoping's inspection in January 1992, Shenzhen's economy has nearly doubled. Comrade Xiaoping's talks during his inspection in the south charted the course for Shenzhen's development. At present, Shenzhen has developed into a modern city of considerable scale, and has achieved the second-step strategic objective in our country's social development ahead of time. In 1994, while the state exercised macro-control, Shenzhen continued to maintain a benign development situation. Its gross domestic product increased by 27.9 percent over the previous year.

Comrade Yang Shangkun said: This time, after seeing the situation in Shenzhen, I am more confident. The special economic zone has brought up a batch of experienced cadres who have knowledge and ability, and they are its wealth. Cadres in the Zhu Jiang Delta area have a strong sense of opening up, and have a good knowledge of the economy. This is a major advantage. Last year, the reform measures adopted by the state were intensive. Shenzhen was able to make the transition rather smoothly, and it successfully maintained a benign climate for the local economy.

Comrade Yang Shangkun said: The establishment of the Shenzhen Special Economic Zone was a result of Comrade Xiaoping's foresight. The special economic zone should grasp opportunities; otherwise, it will not be able to keep pace with the world's development. Catching up with Asia's "four little dragons" within 20 years is a task assigned to Guangdong by Comrade Xiaoping. To compete with foreign countries, you now should compete mainly with the Southeast Asian countries. You should overcome difficulties and accelerate development. Now, there are only 900 days before the recovery of Hong Kong. If Shenzhen had remained what it looked like 20 years ago, there would be just a small railway station in Luohu, so how could Shenzhen converge with Hong Kong? Still less could it compete with other areas. The Shenzhen Special Economic Zone should create successful experience, and should contribute to Hong Kong's smooth return and the maintenance of prosperity in Hong Kong under the conditions of "one country, two systems."

When talking about Shenzhen's cultural and propaganda work, Yang Shangkun said: Your development in this field was very good. In a city of less than 1 million people—or just more than 2 million, if temporary residents are included—you have three daily newspapers: SHENZHEN TEQU BAO, SHENZHEN SHANGBAO, and SHENZHEN WANBAO. This is not easy, and it shows that you have attached importance to public opinion. We cannot adopt a closed-door approach to the mass media and opinion outside the mainland, but we must guide the orientation of public opinion and compete with that outside the mainland.

City leaders Li Zibin, Lin Zuji, Mo Huashu, and Huang Liman were present at the report meeting.

During his stay in Shenzhen, Yang Shangkun visited the International Trade Building, the Xianhu Botanical Garden, and the Window on the World theme park in the company of Shenzhen leaders Li Youwei and Lin Zuji. Yang Shangkun came to the top floor of the International Trade Building, which was inspected by Deng Xiaoping in 1992. The rotating restaurant was turning slowly. The appearance of Shenzhen, full of highrises, and the landscape of Hong Kong farther away, all can be seen from that place. Li Youwei briefed Yang Shangkun on Shenzhen's development over the past years, and about the plan for harnessing the Shenzhen He. When they returned to the first floor, many ordinary people had gathered there after they learning of the leader's coming. Yang Shangkun waved his hand and said "hello" to them loudly. The big hall burst into warm applause. Three years ago, Yang Shangkun gladly planted a tree in the Xianhu Botanical Garden. Now, the tree is growing luxuriantly. Comrade Yang Shangkun gladly had a photo taken with Li Youwei in front of the tree. He also visited the Window on the World theme park, and was warmly welcomed by the staff of the park. Yang Shangkun also visited the China International Container Company and the Tianda Airport Equipment Company, and went up to the top floor of the 16-story Chiwan Nanyou Building to have a bird's-eye view of Chiwan Harbor.

'Confident' of Situation in Shenzhen

HK1701083495 Hong Kong TA KUNG PAO in Chinese 17 Jan 95 p 8

[Report: "Former PRC President Yang Shangkun Inspects Shenzhen"]

[FBIS Translated Text] Between 30 December and 15 January, former state President Yang Shangkun inspected Shenzhen.

Yang Shangkun said: This time, after seeing the situation in Shenzhen, I am more confident. The special economic zone has brought up a batch of experienced cadres who have knowledge and ability, and they are its wealth. Cadres in the Zhu Jiang Delta area have a strong sense of opening, and have good knowledge of the economy. This

is a major advantage. Last year, the reform measures adopted by the state were intensive. Shenzhen could make the transition rather smoothly, and could successfully maintain a benign climate for the local economy.

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Container Company and the Tianda Airport Equipment Company, and went up to the top floor of the 16-story Chiwan Nanyou Building to have a bird's-eye view of Chiwan Harbor.

Visit Due to 'Circumstances'

HK1701063395 Hong Kong EASTERN EXPRESS in English 17 Jan 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] The former Chinese state president, Yang Shangkun, has made a high-profile tour of Shenzhen, praising the patriarch, Deng Xiaoping, for establishing the boom town and calling on city leaders to speed up preparations for the handover of Hong Kong in 1997.

The trip is being seen as the clearest indication yet that Yang, whose health remains good despite his 87 years, will hold a prominent position in the coalition of party elders expected to assume overall power after Deng's death.

The gruelling 17-day inspection tour, which ended on Sunday, received front-page coverage in Shenzhen's two main newspapers yesterday, a break with last year's attempt to play down his visit to the special economic zone.

"He is a retired cadre, so we normally do not comment too much on such visits. But under the circumstances we were allowed to add more details," a newspaper editor said yesterday.

The "circumstances" referred to were understood to be fears of political instability following Deng's death.

Yang was eased out of power in October 1992 in an apparent response to the expansion of his family's power base in the military. However, his political ambitions have remained undaunted. His 1994 visits to Liaoning and Jilin provinces, as well as to the Xiamen special economic zone, received wide coverage in local and national press.

"It looks likely that he will hold on long enough to play a role that is a mixture of elder statesman, guardian of the armed forces and wily politician," a Western diplomat said.

Yang's remarks in Shenzhen appeared to be aimed at reassuring worried officials that Deng's pioneering economic policies would remain in place after his death.

"Setting up the Shenzhen special economic zone was a reflection of the far-sightedness of Comrade Xiaoping," he said in remarks published in the Shenzhen Special Zone Daily and Shenzhen Commercial Daily.

"Comrade Xiaoping set off an economic boom when he visited here in January 1992, and Shenzhen's economy has almost doubled in size since then."

Yang did not mention Deng at all when he visited the city and environs at the same time last year, the first return visit since he accompanied the patriarch on his triumphant "southern inspection tour" of early 1992.

A new tone of urgency was also set on the issue of Hong Kong.

"There are only about 900 days to go before the return of Hong Kong.

"Shenzhen must gain experience about how to smoothly take back Hong Kong and maintain its prosperity under the 'one country, two systems' arrangement," Yang said.

It was also made clear that the city's privileged policies would be maintained after 1997.

In an artless re-enactment of the patriarch, Yang made a special point of mounting the city's 50-storey International Trade Tower, which affords a clear view of Hong Kong's New Territories.

It was there in 1992 that Deng made his famous speech about death being the only alternative to reform and opening up.

Observers said Yang's attempts to paint himself in Dengist colours reflected a general consensus which has emerged on economic issues among the country's official leaders and retired elders in the past year.

On issues of ideology and political control, however, fissures are believed to run deep.

While in Shenzhen, Yang criticised hardline propaganda officials.

"We must not adopt the approach of sealing ourselves off from overseas propaganda and public opinion," he said. "Instead, we should pay attention to offering guidance and to competing with it."

Yang may have had in mind the recent spate of closures of joint venture newspapers.

A national propaganda conference, due to open in Beijing this week, is expected to announce a three-pronged policy for the state-run media this year, according to sources in Beijing.

Observers said Yang's liberal-sounding remarks about propaganda were an attempt to soften his image.

Yang is best remembered as the only politburo member to appear on television with the Premier, Li Peng, on May 20, 1989, to justify the imposition of martial law in Beijing when student demonstrations gained force.

Yan Mingfu Cited on Urbanization Policy

HK1401082395 Beijing CHINA DAILY in English 14 Jan 95 p 4

[By Xi Mi: "Urbanization a Long-Term Priority"]

[FBIS Transcribed Text] To elevate certain counties to city status shall be a long-term policy priority in urbanizing the country.

For a long time China artificially separated the most affluent, developed parts from a region—usually a town—and call that part a city. "But with the rapid social and economic development, especially with the country's traditional agriculture system transforming into a modern one since the 1980s, profound changes have taken place in the rural business structure," said Yan Mingfu, Vice-Minister of Civil Affairs. "And the traditional model has already proven to be a barrier to the development of small cities."

In 1979, China gradually began to scrap the old model and experimented with a new method of promoting entire counties to cities.

"The new model has three advantages," said Yan. "First, it reduces the friction between cities and counties. Second, it provides newly established cities with vast rural areas. Third, it leaves large amounts of space for the cities' long-term expansions and the future development of city belts."

The practice in the past dozen years has demonstrated that the new model is beneficial to national and local economic construction, the formation of new regional economic centres, to the development of medium and small cities and to the State's stability.

From 1987 to 1993, 280 counties were promoted to cities, raising the number of cities to 570, Yan said.

By the end of 1993, China had three municipalities, 196 prefectural cities and 371 county-level cities.

The ratio of big, medium-sized and small cities has changed from 1:1.5:2.4 in 1988 to 1:2.34:5.04 in 1993.

"In general, the establishment of these cities can satisfy the demands of the reforms and opening policy, as well as assist the country's economic and social development," Yan said. "Also, it has improved the investment environment, promoted urban and rural economic development and speeded up the country's urbanization pace."

But the country's urbanization rate remains relatively low and the imbalance between different regions still is widening. Many people lack the awareness needed to promote an urban environment.

Economic, social and environmental developments in urban areas still demand better coordination.

By and large, China has made significant progress in establishing new cities, but as the country does not have an overall plan for urban development, the distribution is occasionally inequitable.

In some cases, counties under the influence of an overheated economy make hurried efforts to be promoted to cities.

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"To offset this trend, the Ministry of Civil Affairs decided in 1989 to start the planning of new city establishments," Yan said.

With the blessing of the State Council, the planning work has been fully launched. By March of 1994, all of the country's 27 provinces and autonomous regions except the Tibet Autonomous Region and the three municipalities under direct jurisdiction of the Central Government had completed planning for establishing new cities.

"The central government will carefully examine the plans submitted by provincial governments to make sure that nationwide establishment of new cities is conducted in an organized and scientific way which serves the country's economic construction," Yan said.

China has undergone five major stages in city establishment since the founding of the People's Republic of China in 1949.

The first stage (1950-57) witnessed essential changes in the country's social and economic systems.

The urban economy was transformed from consumptive to productive. In June of 1955, the State Council issued a resolution on the establishment of cities and towns, which stressed population, economic, political and military considerations in establishing a new city and emphasized a city's administrative status and jurisdictional relationship.

From 1949-57, the country's urban population recorded an annual growth rate of more than 70 per cent.

The city establishment experienced some ups and downs during the second stage, from 1958 to 1965.

In the three years of the "great leap forward" period, the urban population increased by 31.4 per cent and 44 new cities were formed. Immediately after this, however, came three years of natural disasters.

By 1965, the proportion of urban residents in the nation's total population dwindled to 14 per cent, and the number of cities decreased by 169.

In the third period, which concurred with the "cultural revolution" (1966-76), development came to a standstill. The urban population grew by 1.3 per cent each year, and 21 new cities were established.

During the fourth period (1977-85), urbanization accelerated. With the reforms policy and the rapid development of rural and urban economies came more new cities.

By 1985, 139 new cities had been built, bringing the country's cities to 324 and the urban population to 118.3 million.

"The latest period was between 1986-93, when urban development entered a healthy stage," said Yan.

Altogether, 248 new cities were established nationwide.

The urban expansion was powered by sustained economic development, especially among township enterprises in the eastern coastal regions.

With the country's decision to switch to a market economy, a great many rural labourers moved into non-agricultural sectors.

To meet the demands of rural urbanization, transformation from counties to cities became the major way to establish new cities, aside from the traditional practice of promoting towns to cities.

Deng's Son Visits Disabled Residents in Beijing

OW1401081795 Beijing XINHUA Domestic Service in Chinese 0623 GMT 14 Jan 95

[FBIS Translated Text] Beijing, 14 Jan (XINHUA)—Peng Peiyun, Deng Pufang, and relevant Beijing municipal leaders Wang Tong and He Luli today visited some disabled residents who are having special difficulties in Xicheng and Xuanwu Districts of Beijing Municipality and offered them assistance so that they could happily spend the coming Spring Festival. Peng Peiyuan is state councillor and chairman of the State Council's Committee for the Coordination of Work for the Disabled, while Deng Pufang is president of the Chinese Federation for the Disabled.

There are more than 50 million handicapped people in China; and 20 million of them, accounting for more than one-half of the impoverished people in China, are having special difficulties. A recent meeting of the State Council's Committee for the Coordination of Work for the Disabled decided to assign high priority to helping those people this year and has made relevant arrangements for the task.

Hainan Secretary Addresses Court Presidents' Meeting

HK1301151395 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 9 Jan 95

[FBIS Translated Text] A four-day national meeting of higher court presidents ended in Haikou yesterday afternoon. The meeting pointed out the need to implement the instructions of the 14th CPC National Congress, the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and the central economic work meeting, and strengthening legal work and making it serve the party and country's overall work.

Gao Changli and Zhu Mingshan, vice presidents of the Supreme People's Court; Wei Zefang, vice chairman of the Hainan Provincial People's Congress Standing Committee; Lin Mingyu, vice chairman of the Hainan Provincial Committee of the Chinese People's Political Consultative Conference; as well as Xie Anshan, Tang Dehua, and Wang Jingrong, vice presidents of the Supreme People's Court, attended the meeting.

Gao Changli summed up the meeting. Ruan Chongwu, secretary of the provincial party committee and governor, gave a speech at the meeting, and he said that taken as a whole, social order in our province is good but that social order in some medium-sized cities in our province is still grim, with major and serious cases frequently occurring. In the market economy, there are many new situations and new problems, and judicial departments face difficulties in handling cases. The market economy must be protected by law. Many problems must be resolved by legal means. This is even more so in our special economic zone. On the one hand, we must preserve social order and maintain stability; on the other hand, we must improve our contingent, bring into play the role of judicial departments and people's courts, severely punish serious criminal offenses and economic crimes, carry out measures on the comprehensive management of social order; strengthen the crackdown on pornography, gambling, and drugs, and ban all sorts of ugliness in society in order to make new contributions to Hainan's social progress.

NPC To Carry Out Top-Level 'Personnel Reshuffle'

HK1401080795 Hong Kong MING PAO in Chinese 13 Jan 95 p A2

[Report by special correspondent Liang Guo-jen (2733 0948 0088): "Reshuffle To Take Place at CPC Top Echelon, With Increase of Two Vice Premiers"]

[FBIS Translated Text] According to a reliable source, the CPC top echelon has decided to implement an "important personnel reshuffle" at the Third Session of the Eighth National People's Congress [NPC] to be convoked on 5 March. It has been learned that aside from Wu Bangguo and Jiang Chunyun, who are sure to be appointed State Council vice premiers, there will be more personnel reshuffles at the State Council ministerial and commission level.

In addition, prior to the NPC's convocation, there will be a series of personnel reshuffles at the people's congress sessions in several provinces and municipalities, including Shanghai, Guangdong, and Fujian. Aside from the office of Shanghai mayor, which is set to be taken by Shanghai Vice Mayor Xu Kuangdi, who is in charge of day-to-day work, it is said that a reshuffle will take place in the Guangdong governor's office as well.

The reliable source said the new round of personnel reshuffles aimed at substantiating, completing and further perfecting the CPC's third-generation collective leadership in the wake of the transfer of Wu Bangguo and Jiang Chunyun to the CPC Secretariat at the Fourth Plenary Session of the 14th Central Committee last November.

Following the promotion of Wu Bangguo and Jiang Chunyun to the vice premiership, the number of State Council vice premiers will go from the existing four to

six. They will separately take charge of six arenas, including macroscopic economy, key projects, foreign affairs, education, agriculture, and state-owned enterprise reform, and will lead China's reform in post-Deng era.

It has been learned that the NPC's keynote this year will be: Continue to augment macroeconomic regulation and control, go all-out to suppress inflation, deepen enterprise reform in a comprehensive manner, and augment the basic role of agriculture. As for the increase of two vice premiers at the forthcoming NPC, Wu Bangguo will be in charge of state-owned enterprise reform, while Jiang Chunyun will be responsible for agriculture, thus giving prominence to the position of work in these two arenas in the economic work for 1995.

As for reform, a source from the State Commission for Restructuring Economy disclosed that 1995's enterprise reform will boast two major characteristics: In enterprise bankruptcy and conversion of mechanism, the step will be smaller for enterprises inside the structure (state-owned enterprises directly under jurisdiction of the Central Authorities), but larger for enterprises outside the structure (refers to enterprises in townships and towns and local state-owned enterprises); in the reform of state-owned enterprises, the step will be smaller for large enterprises, but larger for medium-sized and small enterprises. In a nutshell, the focus of reform in 1995 is on completing, perfecting, and deepening reform, and will not be—like 1994—"a year of tackling bottlenecks," which was conducted with vigor and vitality.

At present, the source disclosed, various bureaus under all working committees and offices of the NPC are making preparations for various documents called for at the Third Session of the Eight NPC. At the forthcoming session, in particular, the "Law on the People's Bank of China" and the "Educational Law" will be adopted. The Legal Work Committee under the NPC Standing Committee is contacting the People's Bank of China, the State Educational Commission, and other related organizations to prepare all necessary related documents to be submitted to the congress for the laws' adoption.

Before the NPC session begins each year, the liaison bureau under the NPC Standing Committee's General Office organizes deputies from various localities to conduct inspection. Without exception, this year, the NPC delegates in Beijing will conduct a week-long inspection in Beijing. Items to be inspected include rural areas, enterprises, commerce, social security, and so forth. It has been learned that when NPC deputies heard work reports from related government departments, they were especially unhappy about several issues. For example, in the wake of the presentation of the "Law on Product Quality" and the "Law on Opposing Improper Competition," large volumes of inferior-quality goods continued to surface, and a number of businessmen continued to compete with each other by improper means. Some NPC deputies believed that the phenomenon of

"failing to abide by the law when the law exists, and not being strict in enforcing the law" was very serious. In addition, 1994's runaway inflation was the main target under the deputies' "attack."

Last year, several major cases involving social order took place in Beijing. A public security bureau deputy chief gave explanations of these cases to the deputies during inspection. The majority of the NPC deputies had strong complaints against the huge migrant population swarming Beijing, and the consequent social order problems. They indicated that some "villages" had taken shape in Beijing which were inhabited by migrant populations from other provinces, and that social order in these villages was particularly foul.

RENMIN RIBAO Commentator on Unifying Thinking

HK170111895 Beijing RENMIN RIBAO in Chinese
16 Jan 95 p 1

[Commentator's article: "On Unifying Ideological Thinking"]

[FBIS Translated Text] Unifying thinking, controlling the overall situation, carrying out more effective coordination, and doing down-to-earth work. This is the guideline for our work in the new year. It is of great importance to deeply understand and conscientiously implement this guideline.

The first point is to unify thinking. Only when people's thinking is unified can there be an explicit orientation in controlling the overall situation, correct standards for more effective coordination, and a stronger driving force for down-to-earth work.

To unify thinking, the fundamental way is to unify the thinking of the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. Our party is leading an unprecedented and extremely great and arduous cause of socialist modernization in a large country with a vast territory, a huge population, and extremely complicated conditions. If the party is not armed with a scientific theory, and if the party membership's thinking is not brought into line with this theory, we will not be able to fulfill the task. Our practice since the Third Plenary Session of the 11th CPC Central Committee has proved that Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is: The fundamental guideline for the triumphant advances of reform, opening, and socialist modernization in our country; a powerful ideological weapon for resisting erroneous thoughts and surmounting difficulties, dangers, and obstacles; and is Marxism in contemporary China. Comrade Jiang Zemin pointed out: "Historical and present experience has repeatedly shown that by upholding Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, we can really maintain and develop

Marxism-Leninism-Mao Zedong Thought." All comrades in this party should conscientiously study the three volumes of the *Selected Works of Deng Xiaoping* as required by the "Decision" made by the Fourth Plenary Session of the 14th CPC Central Committee. Study must not be superficial and one should not think that the books can be understood completely after being read once. The books cannot just be understood verbally; instead, the theory should be linked with the practice in reality. Painstaking efforts should be made to master the whole system of the scientific theory. Study should be closely linked with things in our practical work. The questions many cadres and ordinary people have about the hot-spots and difficult problems in reality should be answered, analyzed, and resolved according to the theory on building socialism with Chinese characteristics so that all people can really bring their thinking into line with this theory.

At present, an important point in the aspect of unifying thinking is correctly sizing up the current situation. Since Comrade Deng Xiaoping made the important talks during his inspection tour in the south and the party's 14th national congress, reform, opening, and socialist modernization in our country have moved into a new stage of vigorous development. In the past three years, the pace of reform and opening has been quickened and marked achievements, noted by the whole world, have been made in the sustained, rapid, and healthy development of the national economy. Of course, in the course of transition from a traditional planned economic structure to a socialist market economic structure and in the period of high-speed economic growth, it is inevitable that many new contradictions and new problems will appear. This should not be underestimated and should not be taken lightly. It is wrong to only see the achievements and to indulge in unrealistic optimism. However, if we only see the problems and exaggerate the difficulties, we may lose confidence and lose our bearing. We should learn how to view the situation comprehensively, not only fully affirming the achievements and increasing our consciousness and firmness in implementing the party's basic theory and basic line but also paying serious attention to the problems and adopting effective measures to resolve various problems we encounter in the course of advance. We should have a sense of crisis, always keep ourselves sober-headed, and continue to make advances through solving new contradictions and new problems. At the same time, we cannot just be laden with worry when encountering problems and difficulties and cannot become vacillating in keeping the correct approach to the situation and lose our confidence in speeding up the process of building the socialist market economic structure. The situation is always developing and changing. So, we should continuously unify people's thinking according to the new conditions and new problems. Leading cadres should help subordinate cadres and

the masses analyze the situation and explain the situation to them, thus removing their doubts and misgivings, guiding public opinion, and making people work with one heart and one mind.

To unify thinking, we must unify our own thinking and understanding with the principles, policies, and major decisions adopted by the central authorities. "Grasping the opportunity, deepening reform, opening wider, promoting development, and maintaining stability" is the general principle set by the central authorities, which should be upheld for a long time. We should unify our own thinking with this general principle and correctly handle the relations between reform, development, and stability. The decision adopted by the Third Plenary Session of the 14th CPC Central Committee on several questions concerning the establishment of a socialist market economic structure, the decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee on several important questions on strengthening party building, the important principles and tasks of publicity and ideological work adopted by the national publicity and ideological work conference, and the guiding ideology and basic tasks of economic development and reform adopted by the national economic work conference are, all correct plans worked out by the party Central Committee with the theory of building socialism with Chinese characteristics as the guide and on the basis of a correct analysis of the situation at home and abroad which faces our country. It must be said that at present, the tasks, requirements, principles, and policies on all fronts and fields of endeavor are clear and definite. What is important is carrying them out to the letter. What is crucial in carrying them out to the letter is that leading cadres at all levels, leading cadres at the county level and above in particular, should really understand and support the central authorities' principles and policies. They should not just say they have "understood" them while, in reality, they are still not convinced about them and not just superficially say they will "act accordingly" while, in fact, they act in their own way. Only when we really unify our own thinking and understanding with the spirit of the central authorities can we make sure that orders and prohibitions are strictly enforced and the central authorities' principles and policies are carried out to the letter. Leading cadres at all levels must enhance their sense of having the overall situation in mind and of discipline, set an example, and take the lead in so doing.

Unifying thinking, in the final analysis, means maintaining a high level of unity with the party Central Committee, ideologically and politically. The decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee pointed out: Safeguarding the authority of the central authorities is where the highest interests of the whole party and the people throughout the country lie. "The whole party should maintain unity with the Central Committee in terms of the party's basic line and general principles, policies, and goals as well as important issues which have a bearing on the overall

situation." "When people work with one mind, they can even remove Tai San [Mount Taisan]." Unified thinking can be turned into a tremendous material force of transforming the objective world. With the thinking of the comrades of the whole party unified, the party can greatly boost its coerciveness, fighting capacity, and appeal and more effectively lead the people of all nationalities across the country in working hard with one heart and one mind and victoriously forging ahead toward the magnificent goal.

Third Plenary Session of 8th CPPCC To Open 3 Mar

OW1401124795 Beijing XINHUA in English 1234 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—The third plenary session of the 8th National Committee of the Chinese People's Political Consultative Conference (CPPCC) will open here on March 3, 1995.

This was released at the ninth session of the Standing Committee of the Eighth National Committee of CPPCC which closed here today.

The plenary session will examine the work report made by the Standing Committee of the 8th National Committee of CPPCC, whose members will attend the third plenary session of the eighth National People's Congress as nonvoting delegates.

Wei Jingsheng's Secretary Jailed as 'Accessory'

HK1601050595 Hong Kong EASTERN EXPRESS in English 16 Jan 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] China's latest political prisoner, Tong Yi, yesterday revealed that she was convicted as an "accessory" of the country's most famous dissident, Wei Jingsheng.

Speaking to family members who visited her at a labour camp in the Hubei province capital of Wuhan, Tong said the formal charge of forging an official stamp had never been mentioned in the eight months she was detained in Beijing.

Wei was picked up by police on April 1 in Beijing and has not been seen since. Tong was detained just days later, apparently for informing the foreign press of his disappearance. She was sentenced to two-and-a-half years of reeducation-through-labour last month for what human rights groups said were political reasons. While the forging of a university stamp was mentioned when charges were laid in August, no notice of sentencing has been given to family members, in contravention of regulations.

Tong told family members who saw her yesterday at the suburban Hewan Camp in Wuhan that "more than 99

per cent" of the questions directed at her during more than 30 interrogation sessions in Beijing concerned Wei.

"We cannot separate your case from his," Tong quoted Beijing authorities as telling her.

The authorities apparently wanted the 27-year-old translator and go-between for Wei to testify against him, which she refused. "He has done nothing wrong," she told them repeatedly, according to family members. As a result, they accused her of being an "accessory" of Wei, who officials claim has committed unspecified "new crimes".

The United States assistant secretary of state for humanitarian affairs, John Shattuck, arrived in Hong Kong last night after unsuccessfully appealing in Beijing for the release of Wei and other dissidents. Chinese officials claim that Wei is on holiday in the company of Ministry of Justice officials.

Family members who visited Tong also reported widespread violations of health, fire and prison regulations at the Hewan facility. The four-storey building, which serves as the female compound, has a clothing factory on the second floor and dormitories for inmates on the third and fourth floors in contravention of fire regulations, they said. While most visitors were allowed to meet their family members in private, three labour camp officials insisted on being present in a special office where Tong met her family. It was explained that Tong was in the camp under "special conditions", but no further clarification was offered. Clause eight in China's reeducation-through-labour law states that "during meetings with relatives, cadres must not listen in".

Family members reported that the land where the female prisoners are expected to grow their own vegetables is also used as a refuse site for chemicals used in the clothing factory.

Meanwhile, officials have decided to put Tong's university education to work in the propaganda and education department of the camp. As well as holding literacy classes for inmates, she will be expected to produce a newsletter high lighting those who do good deeds or demonstrate excellent behaviour, family members said.

Last month, China's nominal parliament passed a much-trumpeted law on prisons that promised to uphold the rights of the 1.4 million inmates.

'Terrible' Confinement Conditions Noted

HK1401044995 Hong Kong EASTERN EXPRESS in English 14 Jan 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] The assistant to China's most famous dissident has been sentenced to two and a half years in a labour camp for forging an official stamp, relatives said last night. Tong Yi was sent back to her hometown of Wuhan in Hubei province after being

sentenced in late December and was immediately forced into hard labour in a clothing factory, they said. Conditions in the factory were terrible and Tong has issued an urgent request for international appeals for her release.

Tong was the translator and go-between for the dissident Wei Jingsheng, who has not been seen since April 1. The release of Wei is expected to top the agenda of the US human rights envoy, John Shattuck, who began three days of meetings with Chinese officials in Beijing yesterday. Shattuck asked for the release of Wei and two other dissidents in detention, Ren Wandong and Bao Tong, in meetings yesterday, US officials said. He hopes to come away with undertakings from China which might head off a US-backed United Nations resolution condemning Beijing's human rights record, which is due to be voted on later this month in Geneva, they said.

Tong, 27, disappeared several days after revealing to the foreign press that Wei had been kidnapped by public security officials. She was charged in August with forging a stamp to authenticate documents for study at New York's Columbia University. "Such a minor forgery would not normally merit prosecution, but in Tong Yi's case, such prosecution was clearly political," the New York-based Human Rights in China said commenting on the case yesterday. Chinese authorities have used labour camp sentences, which can be handed down by police without the need for a formal trial, to imprison more than a dozen leading dissidents since last Spring.

In an appeal, Tong said she was forced to make the forged stamp, which she never used because of its poor quality. Authorities at the Beijing university where she studied until 1989 refused to issue transcripts because of her participation in the Tiananmen Square demonstrations the appeal said. Columbia admitted her to a masters programme in political science shortly after her arrest and its president, George Rupp, wrote to Chinese President Jiang Zemin asking that she be released to take up the course. Tong was also known to have been in Beijing's bad books for having translated a 1990 book by Columbia scholar Andrew Nathan, China's Crisis, which argued that the Communist Party faced a legitimacy crisis in the wake of Tiananmen Square.

Relatives who visited her on Thursday at the clothing factory said she was tired and sick. "They only give her one bottle of water for all her needs each day. Her mouth is shrivelled and dry and her eyes are drawn," a family member said. "She has to take apart cotton yarn and the bosses force her to work more than 15 hours in order to fulfil her quota." Camp officials prevented family members from giving Tong clean towels, an apron and a copy of the local evening paper, calling such things "unnecessary". They said that if her behaviour was "correct" she could be moved out of the cotton yarn sweatshop and into the sewing section.

The factory, called the Number 391 Clothing Factory, is understood to be part of the Hewan Re-education-through-Labour Camp in Wuhan. It is

believed that another well-known dissident, Qin Yongmin, who became famous when he spoke out against Beijing's bid for the 2000 Olympics, is also held in the camp. He was sentenced to a two year term last January after helping to write a human rights declaration known as the Peace Charter.

[Hong Kong SOUTH CHINA MORNING POST in English on 14 January publishes on page 7 a similar report by Willy Wo-lap Lam and "agencies" on the sentence handed down to Tong Yi. The report adds the following: "Prominent Shanghai dissident Bao Ge has been moved out of the city to a 're-education camp' in the eastern province of Jiangsu, dissident sources said in Shanghai. Bao was transferred to the Da Feng Camp after being sentenced last September to three years of 're-education through labour', the sources said. Because the authorities had not allowed family members to visit him, it was only on Thursday that they were told Bao had been moved out of the city, the sources said. Bao, a member of the Shanghai-based Association for Human Rights, was detained in June last year."]

Wang Dan Comments on Blacklist

HK1501074795 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 15 Jan 95 p 13

[Article by PRC dissident Wang Dan: "They Won't Make Me Go"]

[FBIS Transcribed Text] The 49 exiles on the Beijing blacklist of dissidents published by Human Rights Watch/Asia are classified into three categories. The first included my partners on the 1989 most-wanted list of student leaders—Wu'er Kaixi and Chai Ling—who left the country illegally and would face immediate arrest if they tried to re-enter China. Others such as my teacher, Professor Fang Lizhi, and his wife, Professor Li Shuxian, who left the country through legal channels, are in the second category: they will be refused re-entry to China. My former colleague in Beijing University, Xiong Yan, is listed in the last category: to be dealt with "according to circumstances of the situation".

Undoubtedly, the list provides substantial evidence of how Beijing regards on human rights. But I am especially struck by two points. First, the list was delivered to border guards in May last year. This indicates the fears the Government then held that overseas dissidents would return to the mainland to hold demonstrations marking the fifth anniversary of the June 4 pro-democracy crackdown. Second, among the 49 exiles on the list, many—such as Han Dongfang and Liu Binyan—had left China through proper and legal channels. When they went, the authorities promised they would be allowed to return home. The list not only shows Beijing's promises have little credibility, but also exposes its plan to hurriedly export its dissident activists.

It is five years since the Tiananmen crackdown, so why should Beijing still fear the return of its overseas dissidents? It would seem the Government has little confidence about the situation in China and its ability to

control it. I believe there are hundreds more exiles who fall into the blacklist's third category—to be dealt with "according to the circumstances of the situation"—whose names have yet to be published.

A friend, who is not on the list, was given a heavy police guard when he returned to Beijing from Germany last year, because of his active role in the 1989 protests. And since last summer, the authorities have refused to leave me alone. Heavy surveillance and monitoring have become part of my daily life, and many of my colleagues believe this is a move by the Government to force me out of the country. I have, in fact, received many invitations to travel overseas, including some from associations in Taiwan, and from Wu'er Kaixi in the United States. But every time I try to seek assurances from the authorities that I will be allowed to return home the answer is disappointing. The officials only say: "If you do not participate in any politically sensitive activities, you can return to the country." However, that provides little reassurance when I consider the case of Han Dongfang. What sort of "politically sensitive activities" was he ever involved in while he was overseas? I can think of none which genuinely fall into that category, yet he is now forced to remain in Hong Kong. Clearly, I will be at the mercy of officials in deciding what "politically sensitive" means.

I genuinely want to visit other countries to broaden my perspective. But I am also determined to do something for China and if there is any conflict between these two goals, I will certainly choose the latter. Therefore, I will not leave my country unless I get assurances from the authorities that I will be allowed to return. This blacklist means my hopes of travelling overseas are unlikely to come to pass, even though I have no idea which category Beijing will put me in.

Since China has frequently reiterated its "respect" for human rights, and is one of the signatories to the United Nations convention on the issue, it is shameful to see the authorities using tactics like this to ban people from returning to their motherland. The list certainly breaches the Universal Declaration on Human Rights, which guarantees everyone the right to leave and return to his own country. Following the rules of the game in the economic sector is not enough. If China truly wants to play the role it deserves in the international community, it must also follow the rules of the game in human rights and democracy.

'Third Eye' Author Says Sequel 'in Doubt'

HK1401063095 Hong Kong EASTERN EXPRESS in English 14 Jan 95 p 8

[By Bruce Gilley]

[FBIS Transcribed Text] Lying at the bottom of a bureau drawer in an apartment in the bustling Jiaogongkou Bridge district in Beijing is the completed draft of a gaze into China's future. It foresees a self-interested and

dictatorial Communist Party slugging it out with established capitalist interests, while both sides throw crumbs to the masses of workers to keep them content. Farmers barely figure in the equation. The work has already caused so much anticipation that a Hong Kong company bought the overseas publication rights before it was completed, an unheard of treatment for a mainland author. Ironically, those same powerless and insignificant workers and farmers may prevent the manuscript from ever seeing the light of day.

The author, Wang Shan, whose "Tian" novels are gobbled up by the common people, does not want to risk his mass readership by publishing the sensitive work. For this reason "Viewing China Through a Fourth Eye" may languish in the bureau drawer until the 42-year-old is ready to risk his career. "There are still many things I want to write, so I'm not sure I want to sacrifice it all for Fourth Eye," he said. "I have my greatest influence through the novels because the readership is very wide. If all my plans are toppled because this book angered the country's leaders then I would really be failing my readers," he said.

As the darling of conservative backlash theorists on China, Wang Shan has already virtually assured himself a place in histories of the Deng Xiaoping era. Indeed, if the old man dies soon, his views will likely be considered a harbinger of whatever era ensues.

Fourth Eye was written as a forward-looking encore to Wang's watershed *Viewing China Through a Third Eye*, which won broad affection, as well as a publication ban, from Beijing's leaders last year. Love it or hate it, most agreed that *Third Eye* summed up the view of China's conservative leaders on the present state of the nation. For this reason, Wang's credibility as a crystal-ball gazer, and the anticipation for *Fourth Eye*, is great.

Nestled in a Beijing hotel room in the dead of winter, he told *Eastern Express* what he expected to see in 21st Century China. A self-proclaimed worry-wart, Wang's vision of the future is brushed with the same dark images as his novels. "I am very concerned about Chinese society. I feel it could fall apart at any moment," he confessed.

In China's ensuing decades, he believes, politics will be characterised by raw economic power struggles between three main groups: the party, capitalists and workers. The party, no longer representing anyone but itself, will maintain its grip on power because of its acknowledged role in guarding social stability. The capitalists, composed of entrepreneurs, owners and managers, will be increasingly assertive of their rights, but they will be tolerated because of their role in maintaining the country's open door policy and attracting foreign investment. Workers and farmers will simply be bought off in this scenario, but only through a gradual factionalisation of the party.

"The most interesting aspect of *Fourth Eye* is that it predicts open conflict within the politburo," Wang

notes. "Some party members will come forward to speak on behalf of an economic interest group, such as state enterprise workers or farmers. This will lead to the formation of isolated democratic groups within the party. When the 400 plus members of the politburo vote, they will split along economic lines. We already see the seeds of this now." And what about when these economic power struggles cannot be solved through the newly-enlivened politburo? "There will be political movements, even protests. But the main difference is that they will be based on economic interests. Never again will we see student-led movements calling for purely political goals as occurred in 1989."

Wang has much to say about Tiananmen, most of it seemingly taken from an arch-conservative's guidebook to the event. In *Third Eye*, he asserted that the protests were stirred up by foreigners. "Don't interfere with China" was the title of the book's opening chapter, which deals with Tiananmen and its aftermath. "The situation at the beginning of 1989 was very tense. The government's biggest worry was that migrant workers from the countryside would stir up problems," he recalled. "Nobody thought it would be the students who began the movement."

When the Tiananmen Square movement began in the Spring of 1989, Wang was a deputy director of the College of Beijing Opera in the city. Asked if he had joined the protests, Wang shrinks into his seat. "No," he admits at last. "I stood at the college gate and watched the crowds go by." After a moment's pause, he adds awkwardly, "but I shared their feelings."

Nonetheless, and as he wrote in "Third Eye," Wang also shares the widespread view in China that the brutal crushing of the Tiananmen Square movement was unfortunate but necessary. Since then, he believes, the Communist Party has grown from strength to strength, overcoming doubts caused by the collapse of communism elsewhere and engineering an economic boom at home. "Few people can deny the fact that in the last 10 years, the Communist Party has strengthened its position of control over the country. By giving freedom to farmers, they freed themselves to exercise control over the rest of the country. This honeymoon with the peasantry remains their main strength," he said.

Wang's anti-Deng reputation is largely founded on the chapter in "Third Eye" which deals with China's peasantry. "Mao Zedong kept China's peasants on the land to grow grain. Whether you agree or not, Mao did what he felt was needed in the face of foreign pressure. But Deng liberated them from the land which gave rise to a very basic problem. The opportunities society could give them to get rich and the opportunities they hoped for were far apart." Like a typical Beijing person, Wang decries that more than half of all the crime committed in the capital is at the hands of such rural migrants who, in his words, "arrive in the city with good intentions but soon discover that they have no place in this urban society and turn to crime".

In "Fourth Eye," he says, the recent decision of the party to concentrate on grassroots party building in rural areas will be cast into the future. The result: a "Yangtse [Chang Jiang] River Model" of agricultural reform will replace the "Pearl River Model" which has been in place since 1978. "The difference between the two is great. The Yangtse [Chang Jiang] River Model follows places like southern Jiangsu province which have collective village economies under the leadership of the local party committee. This is what (the party general secretary) Jiang Zemin wants." Wang compares this to the Pearl River Model, code in his words for the unbridled capitalism in rural areas pioneered by Deng. "In fact, Deng never had any rural model in mind. He was always just groping his way in the dark. After a few years of doing one thing, he would change and do another." "This helped some rural areas grow rich fast, but many remained poor. This was because they had no way to raise capital. So Jiang Zemin wants to follow the Yangtse [Chang Jiang] River Model. Jiang has even said: 'I want to turn the party into the leader of capital accumulation for the rural areas.' Think about how important this is. The party will be shedding its role as the vanguard of the working classes."

Whether all of this makes it into print remains in doubt. While Wang is voluble in the comfort of close friends, and his pen moves as quickly when writing about the politburo as when writing about prostitutes, taking the plunge and publishing "Fourth Eye" in China remains a risky undertaking. "It would be very easy to publish the work overseas," Wang says, noting the Hong Kong publisher will only go ahead if he agrees. "It would have no effect domestically and I would probably not be punished. But the way I see it, if I cannot publish it at home, I will not publish it abroad."

As the experience of "Third Eye" showed, a publisher can easily be found in China. Getting it past the censors in the province where it is published is also not much of a problem. It is only when one official takes offence, and no other is willing to come forward and oppose them even if they feel differently, that things can go wrong. And even Wang, oracle extraordinaire on matters of state, cannot predict the whims of petty bureaucracy. If "Fourth Eye" met the same fate as "Third Eye," his career as a writer of news-stand pot-boilers would be over.

Recently, he says, his fame among the country's criminal classes has begun to pay a strange sort of dividend. "Some major, most wanted criminals are writing to me, some from prison, saying they will reveal their experiences to me. They feel I understand the minds of those in the underworld. It's a kind of honour."

Will he risk his career for the chance of angering Deng Xiaoping? "I am well known among the general readers. Perhaps that's enough."

Beijing Expects Further Peak in Population Growth

OW1601084795 Beijing XINHUA in English 0804
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—China expects to see another peak in its population growth early next century, according to a recent report.

According to the Research Group on China's National Situation, China's total population is expected to top 1.2 billion in 1994, and is likely to surpass 1.3 billion by the year 2000, with a rural population of one billion.

Analysts working on census data predict that the population will jump to 1.63 billion by the year 2030 at its current growth rate.

The year 2024 will see another peak with the total number of aged people reaching 300 million, equal to the total population of a similar age group in the developed countries in 2025, the report said.

By that time, there will be 260 million aged people living in China's rural areas, it said, adding that the welfare and pensions for the aged in the future have become a sensitive issue China is having to face.

In addition, China is bound to experience another peak in its working age population (from 15 to 59 years old). The total number is expected to reach 660 million by the year 2000.

Symposium Claims Female Illiteracy 30 Percent

OW1601031595 Beijing XINHUA in English 0247
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Despite strenuous efforts to eliminate illiteracy over the past several years, the rate among females in China is still as high as 30 percent, a recent symposium revealed.

According to the international symposium on women and education, campaigns have been launched periodically to fight illiteracy since the founding of New China in 1949 and over 110 million illiterate women have received varying degrees of education.

However, the meeting said, as late as 1993, the number of female illiterates in China still amounted to 30 percent of the total.

According to reports from the meeting, girls currently have fewer opportunities to go to school than do boys, and the dropout rate for girls is usually higher than it is for their male counterparts.

By the end of 1992, China had 2.1 million girls of school age who were not attending school, accounting for two-thirds of the total for both sexes, members of the meeting said.

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It also reported that remote and poverty-stricken areas, including Southwest China's Tibetan Autonomous Region, Gansu Province, the Ningxia Hui Autonomous Region, and Qinghai and Guizhou Provinces, have a lower rate of enrollment for girls.

The level of education of both sexes is uneven across the country, those at the meeting pointed out, adding that women university graduates accounted for 1.1 percent of the total female population and most female workers have received only a primary school education.

Analysts attribute female illiteracy to poverty, outmoded ideas, and the rapid growth rate in population, and explain that China needs to make greater efforts to help three million women escape illiteracy in order to eliminate the problem among young and middle-aged females by the turn of the century.

Social Development Index Figures Growing

OW1301170995 Beijing XINHUA in English 1640
GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (XINHUA/OANA)—China's social development integrated index surged 6.14 percent in 1993 [year as received] over the previous year, but the growth rate was still smaller than that for the economy, according to a survey released here today by the State Statistics Bureau.

The survey, which is released annually and rates the country's social development for the past year, shows that in 1993 the social development indices for 21 provinces, municipalities and autonomous regions grew over the previous year.

Among them, the indices of social development for Hainan, Guangxi, Hebei, Anhui, and Tianjin rose by more than 10 percent, according to the survey.

The survey also shows that in 1993, the social development indices of 11 provinces, municipalities and autonomous regions hovered above the country's average.

Beijing, Shanghai and Tianjin municipalities and Liaoning Province continued to occupy the first four places in the ranks of socially-most-developed regions. Hainan jumped to ninth place in 1993 from No. 13 the previous year, the ratings show.

China's social development integrated index comprises data on environment, population, economy, quality of life, employment, health care, culture and sports, education and social security. This is the third time the Bureau has released such an index.

Experts said that the 16 provinces, municipalities and autonomous regions, whose integrated social development indices were below the country's average in 1993, are mostly located in China's central and western regions.

Gansu, Xinjiang, Jiangxi, Guizhou, Qinghai and Ningxia witnessed slight drops in their social development indices in 1993 over the previous year.

However, Guangxi, Anhui, Henan, Shaanxi, Yunnan, Hubei and Shanxi, which are also in central and west China, developed quickly and pushed their social development level above the average for the country in 1993, the survey shows.

The figures show that the index for the Chinese economy soared 39 percent in 1993 over the previous year and that the social security index, which increased by 13 percent over the previous year, was the second-biggest gainer.

To the experts' delight, the survey shows that China's population growth slowed in 1993. However, they said, the slowdown in the development of health care and education is certainly not good news.

The data showed that the income, employment and social public order indices also edged down in 1993 over the previous year.

Experts say that the drop in the people's income index was caused mainly by the drastic increase in inflation, which outstripped the growth of income.

Meanwhile, the gap between the rich and the poor widened, they said.

The experts attributed the drop in the social public order index to the increase in major criminal cases, traffic and fire accidents.

New Residence-Moving Permit System Enforced

HK1501062495 Beijing ZHONGGUO XINWEN SHE
in English 1319 GMT 13 Jan 95

[FBIS Transcribed Text] Guangzhou, January 13 (CNS)—Recently, China's Ministries of Public Security, Personnel and Labour have jointly issued a circular to impose a new residence-moving permit system on those people who want to move their household registration from one place to another place. According the circular, the above system, effective from January 1, 1995, is imposed on those people who want to have their household registration transferred from a city or county where they are living to another city or county, or from an ordinary place to a special economic zone or a economic and technological development zone or a hi-tech industrial zone approved by the State Council and a provincial government, or from a rural village to a city or a town, or from a suburban area to an urban area.

Relevant authorities indicate that the reason for this new system is to exercise tighter control on the household registration and to streamline the procedures required on this matter. The new procedures, more simplified and effective than before, will stop loopholes, give more convenience to the citizens and ensure smooth and fast moving of household registration.

Citizens applying for a trans-city or trans-county moving will first have to obtain a written permission for their moving from a local public security bureau in the city or county where they intend to move to. With this written permission, they can approach the local public security bureau where they live and apply for a removal permit. The public security bureau in the city or county where one is moving to will, after checking his removal permit, issue a formal removal permit to him to allow him to move in and go through formalities for his settling down in the new city or county.

Hebei Farmers Connected to National Teletext Service

HK1501033695 Beijing CHINA DAILY in English 14 Jan 95 p 2

[By Chun Mei: "Farmers Get Access to Information in Network"]

[FBIS Transcribed Text] Farmers in Shexian County, Hebei Province are lucky. On Tuesday they became the first to switch to an across-the-country information network with the help of the Ministry of Radio, Film and Television (CMRFT).

The Academy of Broadcasting Science with the CMRFT donated more than 10,000 yuan (\$1,176.5)-worth of teletext receivers to the Shexian County Culture Bureau to access information from the China Data Broadcasting Network put into operation late last year.

After receiving the information, the bureau will send out radio or television signals through the local broadcasting system. Thus, farmers can access the information through radio or TV.

People who purchase the specially-designed receivers will be able to directly access the information they need.

"We aim to help people across the country and the world to share the same information," said Chen Xiaoning, president of the Academy.

"Lack of information has resulted in rural areas' backwardness," he said.

The China Data Broadcasting Centre is now supplying data broadcasting programmes ranging from feature markets to newspaper pages.

The new data broadcasting network is taking full advantage of existing television bands and coverage area, which makes such network low in cost.

The network plans to switch all programmes to the country's thousands of cable televisions which have abundant channels.

Experienced teletext techniques can send more than 10,000 Chinese characters per second and they are being applied in 25 provinces.

Developing the services of mobile information through existing radio and television systems is the network's next target.

Government To 'Crack Down' on Illegal Auto Imports

OW1401170295 Beijing XINHUA in English 1620 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA/OANA)—A Chinese official said that stern efforts will be adopted this year to crack down on auto smuggling and illegal auto assembling, and the import of automobiles will also be better planned.

Chen Ping, deputy general manager of China Trading Center of Imported Automobiles, said that although the amount of smuggled automobiles decreased somewhat last year, it still constituted a fairly serious attack on the country's auto market, and the problem of illegal auto assembling also remained serious.

He said that in 1994 China's official imports of automobiles were 237,000, and the total number was well over 300,000 if confiscation of smuggled automobiles is counted.

He said that in recent years the proportion of luxury cars has been constantly increasing among China's imports, which mainly include Benz, Toyota Crown, Lexus, Cadillac and Lincoln. Among recent years' imports, over 80 percent are medium-class and luxury cars.

So far China has imported more than 50 kinds of sedans, mainly produced in Japan, the United States, Germany, France, South Korea, Italy and Sweden. Imports from Russia and East European countries have largely decreased.

Chen said that smuggled and illegally assembled automobiles are usually sold at prices much lower than normal market prices, and for some sedans the price difference can even exceed 100,000 yuan, seriously obstructing the auto market.

He said that according to current programs and this year's economic condition, the total amount of automobiles to be imported this year is estimated to stay at last year's level, but luxury cars will be superseded with many more mini cars and medium-class cars with high-grade devices.

In addition, this year most of the imported cars will go to the taxi companies, township enterprises or be bought by individuals.

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Science & Technology

Academy of Sciences Plans 10 Projects in 7 Fields

HK1501062295 Beijing ZHONGGUO XINWEN SHE in English 0348 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (CNS)—The Chinese Academy of Sciences is now making preparations for ten main scientific items in seven fields,

namely astronomy, high energy physics, nuclear physics, life science, resource environment, controlled fusion and synchronous radiation. It is expected they will cost a total of RMB [Renminbi] 1.426 billion.

The ten scientific items include installation for research on controlled thermonuclear fusion, large scale astronomical telescope, major equipment for life science, light source of synchronous radiation of the third generation, looking in the universe for heavy particles of long life span which are either neutral or charged, cooling stored ring for heavy-ion accelerator, observation vessel for marine physics and the second phase project for the Hefei synchronous radiation accelerator.

They are regarded as important scientific undertakings by the Chinese Academy of Sciences in the international scientific and technological forefront of great competition following success achieved ten years ago including the building of a collider for positive and negative electrons in Beijing, the Hefei synchronous radiation accelerator, the Lanzhou heavy-ion accelerator and an astronomical telescope which is the largest in the Far East.

Experts from the academy pointed out that the ten scientific projects were either of great scientific and technological significance or of importance in the state level long term development for application purpose. On completion of the projects, they can remain advanced for ten years.

Government To Spend 80 Billion Yuan on Telecommunications

OW1401001095 Beijing XINHUA in English 1736 GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (XINHUA/OANA) [dateline as received]—China will inject 80 billion yuan (about 9.4 billion U.S. dollars) into the infrastructure construction of posts and telecommunications this year, said Wu Jichuan, minister of posts and telecommunications.

Wu told a national work conference here yesterday that the country poured about 68.3 billion yuan into the industry last year, up 28 billion yuan from the 1993 figure.

Last year saw seven trans-province optical cables and 14 satellite ground station go into operation, and the capacity of long-distance automatic switching expand to 2.2 million channels, 994,000 channels more than in 1993. Meanwhile, the number of trunk telephone lines reached 687,000 in 1994, an increase of 267,000 lines over the previous year.

By the end of last year, the capacity of the country's telephone network had surpassed 61.62 million lines, thanks to the addition of 18.9 million lines.

Moreover, the country boasts a public packet switching system with 60,000 terminals, as well as a public data network with over 3,300 terminals.

Attributing the rapid development of the postal service to its upgrading of facilities, Wu said that the country has opened six trans-province high-speed postal routes in dozens of provinces.

At present, 15 cities have a total of 25 automatic mail-sorting systems.

The minister said that this year the country will fix its focus on the construction of long-distance cables, especially optical ones.

The capacity of the telephone switching system is expected to be enhanced by 14 million lines this year, as well as by some 300,000 trunk telephones, and 18 more postal routes will be available by the end of this year.

Furthermore, Wu said, China will quicken the development of digital microwave systems, satellite telecommunications and long-distance exchange systems.

The country will raise funds abroad to ensure the completion of those infrastructure projects, according to the minister.

He disclosed that foreign capital will occupy a 10 percent to 18 percent share among the investment in the fixed assets of the posts and telecommunications industry.

Statistics show that the industry has used overseas fund totaling six billion U.S. dollars over the past 15 years.

Report on Development of Nation's First Technology Market

OW1401023695 Beijing XINHUA in English 0153 GMT 14 Jan 95

[FBIS Transcribed Text] Shanghai, January 14 (XINHUA)—More than 2,000 technology contracts changed hands for a total of 2.8 billion yuan in 1994 in the Shanghai Technology Trade Exchange, the first national technology market in China.

One hundred and fortyfour members from 29 provinces, municipalities and autonomous regions nationwide deal on the exchange, with members outside the city handling contracts worth over 800 million yuan a year.

Jointly financed by the Shanghai Municipal Government and the State Science and Technology Commission, the exchange was formally inaugurated at the end of 1993.

The exchange collects and distributes relevant information, while providing capital evaluation, patent consultation, arbitration of technology contracts and credit and loans, among other services.

About 300 professional agents are attached to the exchange.

Military & Public Security

Kunming Department Store Explosion Kills 1

OW1401162495 Beijing XINHUA in English 1617 GMT 14 Jan 95

[FBIS Transcribed Text] Kunming, January 14 (XINHUA/OANA)—One person was killed, seven people

were seriously injured and dozens of others were slightly injured today as an explosion occurred in the Kunming Department Store here.

The injured were sent to hospitals in this capital of southwest China's Yunnan Province for treatment.

Yunnan provincial and Kunming city government leaders rushed to the scene to direct rescue operation.

The cause of the explosion is being investigated.

Public Security Probes Explosion

OW1501092895 Beijing XINHUA in English 0857 GMT 15 Jan 95

[FBIS Transcribed Text] Kunming, January 15 (XINHUA)—Leading officials of southwest China's Yunnan Province and its capital city of Kunming today called on those injured and hospitalized from yesterday's explosion and extended cordial regards to them.

Provincial Party Secretary Pu Chaozhu, Provincial Governor He Zhiqiang and other leading officials from the provincial and city governments called on those who were injured in the explosion at Kunming Department Store Saturday afternoon and subsequently hospitalized at the Provincial People's Hospital and the Red Cross Hospital.

The officials inquired in detail of the victims about their condition and difficulties and asked them to cooperate with the medical personnel for a speedy recovery.

The officials also told them that public security departments are working hard to investigate into the case.

Some victims expressed thanks to the officials for their kind attention as well as to the hospitals for prompt treatment.

It was learned that seven seriously injured victims during the explosion have received operations and are now in stable condition, and that those slightly injured have left the hospitals after treatment.

The explosion killed one person, left seven people seriously injured and dozens of others with slightly injuries.

Today, streets in urban districts of Kunming are in good order as usual. Though the Kunming Department Store suspended business, the traffic around is normal and other adjacent stores, big or small, are all open.

Liu Huaqing, Zou Jiahua at Military Industry Meeting

OW1601055995 Beijing XINHUA Domestic Service in Chinese 1339 GMT 14 Jan 95

[By reporters Xi Qixin (1153 0796 2450) and Jia Yuping (6328 3768 1627)]

[FBIS Translated Text] Beijing, 14 Jan (XINHUA)—The second national work conference for cooperation

and coordination in the national defense military industry concluded in Beijing today. Liu Huaqing, member of the CPC Central Committee Political Bureau and vice chairman of the Central Military Commission, and Zou Jiahua, member of the CPC Central Committee Political Bureau and vice premier of the State Council, attended and addressed the closing.

The three-day meeting pointed out: Cooperation and coordination among military industrial sectors is an important part of modernization of national defense and construction of the national economy, as well as a material basis and an important guarantee for national defense and military industrial departments in accomplishing the missions of producing arms and conducting scientific research on arms.

On behalf of the State Planning Commission, Commission of Science, Technology, and Industry for National Defense, State Commission of Science and Technology, and State Commission of Economics and Trades, Huai Guomo, vice minister in charge of the Commission of Science, Technology, and Industry for National Defense, said: In the last few years of the 20th century, we must further improve our national defense science and technology, weapons, and equipment to meet the challenges posed by the new technological revolution in the 21st century.

The conference discussed and amended the "Regulations Governing the Coordinated Scientific Research and Production of Military Industry," and commended 1,027 advanced units and workers that contributed to the cooperation and coordination of military industry.

Navy's Plans To Build 2 Aircraft Carriers Reported

OW1601063095 Tokyo YOMIURI SHIMBUN in Japanese 15 Jan 95 Morning Edition p 5

[By Toshiaki Arai]

[FBIS Translated Text] Beijing, 14 Jan—According to an informed source in Beijing, China's Central Military Commission [CMC] (chaired by General Secretary Jiang Zemin) has decided to implement a 10-year program aimed at building two aircraft carriers beginning in 1996. This is one of China's steps toward building up its naval power to secure its maritime interests, while giving considerable attention to the developments of territorial disputes over the Spratly, Paracel, and Diaoyutai [Senkaku] Islands, and also over Taiwan's moves aimed at winning independency. This decision symbolizes the fact that the Chinese Naval forces have been developing from coastal defense-oriented forces to blue water operation-oriented ones. These moves may make the China threat flare up again among its neighboring countries.

China has been researching the plan to have aircraft carriers since the 1970s. It has been reported in the past that China planned to purchase them from Russia and Ukraine. However, the Chinese Government has

decided to build them itself, because building them itself will be far less expensive than purchasing them.

Several Hong Kong magazines reported China's carrier construction program in the past. According to this plan, two 4,000-ton medium-sized aircraft carriers, which are equipped with 20 fighter planes on the deck and 20-odd fighters inside the carrier, will be built as the main part of a future air force. It is reported that the budget for this program will be about 10 billion yuan (about 120 billion yen). However, it is believed that the program will cost several times more than the expected amount due to inflation.

The Chinese Armed Forces have been currently shifting their top priority from strengthening the Army to boosting the Naval and Air Forces. Vice CMC Chairman Liu Huaqing said, "The powerful maritime forces should be created to protect our sea interests."

Under the CMC's stand, the aircraft carrier program, which symbolizes China's goal of creating a powerful naval force, will be implemented in full scale next year. It is certain that those countries which have had conflicts with China over territorial issues will be sensitive to its moves to build aircraft carriers.

National Military Industry Coordination Conference Opens

SK1401012395 Beijing XINHUA Domestic Service in Chinese 1822 GMT 12 Jan 95

[By reporters Xi Qixin (1153 0769 2450) and Jia Yuping (6328 3768 1627)]

[FBIS Translated Text] Beijing, 12 Jan (XINHUA)—With the approval of the State Council and the Central Military Commission, the second national conference on coordination and support for national defense and military industry was held in Beijing on 12 January. This conference was primarily devoted to studying how to further attend to the work of coordinating and supporting national defense and military industry under the new situation and how to establish a managerial system and an operational mechanism that are suitable for the demand of the socialist market economy.

The support work for the military industry is an important part of the construction of national defense, and it involves numerous civil scientific research and production departments in the country. The conference maintained: The establishment of China's socialist market economic system has instilled new vitality to the development of military industry supporting work, and, at the same time, has required military industry supporting departments to accelerate reform and to establish a managerial system and an operational mechanism that are suitable for the demand of the socialist market economic system. At the present stage, we should not only gradually push the military industry supporting enterprises onto markets and enable them to hold their ground in the environment of commodity competition,

but should also ensure the fulfillment of the tasks concerning the scientific research and production for national defense and concerning the development of weapons and equipment in line with the characteristics of national defense and military industry. The major tasks for the current military industry supporting work are reform, stability, and improvement.

Gan Ziyu, vice minister of the State Planning Commission, made a speech at the conference on behalf of the State Planning Commission, the State Commission of Science, Technology and Industry for National Defense, the State Science and Technology Commission, and the State Economic and Trade Commission. He demanded that enterprises supporting the military industry further free themselves from the past ideas of a highly centralized planned economy to embrace the ideas on the commodity economy, market, and competition; to further free themselves from the idea of mainly depending on administrative means to manage affairs, and to embrace the idea of primarily depending on economic and legal means to manage affairs; to further free themselves from the self-enclosed system so as to enhance the idea of opening to domestic regions as well as the outside world; and to further strengthen the concept of national defense to ensure the fulfillment of the military industrial tasks.

Attending the conference were responsible persons of the State Council and pertinent departments in 28 provinces, municipalities, and autonomous regions as well as representatives of pertinent plants, research institutes, and institutions of higher learning.

University Students Undergo Military Training in 1994

*OW1401093395 Beijing XINHUA in English 0920
GMT 14 Jan 95*

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—Some 155,000 students from 143 universities and colleges all over China took part in military training in 1994, making up 40 percent of all the freshmen.

Besides, students of 500 secondary middle schools all over the country also underwent military training last year.

The trainees studied military science and history, and took part in practical military training.

"The training will enhance the patriotism and self-confidence of the students, improve their awareness of national defense and discipline, and equip them with military knowledge," an education official said.

Military training for university students, conducted under China's Military Service Law, was initiated in 1985 on a trial basis.

General

Li Peng Urges Steelmakers To Improve Competitiveness

HK1701055895 Beijing CHINA DAILY in English
17 Jan 95 p 5

[By Pei Jianfeng: "Premier In Production Plea to The Men of Steel"]

[FBIS Transcribed Text] Premier Li Peng called on domestic steel makers to improve competitiveness to seize a larger share of domestic and overseas markets.

The development of China's steelmaking industry will focus on expansion and renovation of existing old companies, he said.

China has an annual steel production of 100 million tons. Li hopes domestic steel makers will improve quality and efficiency.

Li said in a written statement to a metallurgical industry conference which opened yesterday in Beijing.

Liu Qi, Minister of Metallurgical Industry, said expanding exports is a long-term strategy for China's steel industry.

Last year China's exports of rolled steel reached 3.71 million tons, 2.45 million tons up.

Liu hoped domestic steel makers would export more of their products this year to ease the money shortage.

Prices of rolled steel are rising on the world market, which is a good opportunity for China's companies to boost their exports, he said.

China imported more than 22 million tons of rolled steel last year, about 10 million tons more than the ministry had planned.

Liu said that the government will adopt strict measures this year to curb imports.

This year, prices of rolled steel on the domestic market will remain low because of stockpiles.

But, he said, low prices could help stop increased imports.

To compete with imported products and take hold of the domestic market, China's steel makers should make their prices lower than imported products, Liu said.

The ministry will convene a national meeting next month to co-ordinate exports and imports. Liu said the ministry will actively introduce foreign investment to improve the structure of China's steelmaking industry.

China produced 91.53 million tons of steel and 80 million tons of rolled steel last year, up 3.22 per cent and 5.45 per cent over the previous year.

During the second half of last year, the daily output of rolled steel had been limited at 210,000 tons, reducing the yearly output by 3 million tons.

Stockpiles by the end of last year remained at the level of the end of last June.

Due to falling prices and sluggish demands, about one third of domestic steel companies were losing money last year.

China invested more than 40 billion yuan (\$4.7 billion) in the steelmaking industry for expansion and technical renovation.

Continuous casting capacity now makes up about 40 per cent of total output, six per cent up.

The ministry plans to increase the ratio to 45 per cent this year and to 50 per cent in 1996, Liu said.

National Statistical Work Conference Held in Haikou

Zou Jiahua Speaks on Fighting Fraud

OW1701065795 Beijing XINHUA Domestic Service in Chinese 0522 GMT 14 Jan 95

[By ZHONGGUO XINXI BAO reporter Dong Xiaoqiao (5516 1420 1564) and XINHUA reporter Zhang Chuanxuan (1728 0278 1357)]

[FBIS Translated Text] Haikou, 14 Jan (XINHUA)—Under socialist market economic conditions, statistical work is not only indispensable, but also very important. At present, we should pay particular attention to taking a clear-cut and firm stand against statistical fraud. This was recently emphasized by Zou Jiahua, vice premier of the State Council, after hearing a report by Zhang Sai, director of the State Statistical Bureau, on current statistical work.

At the national statistical work conference here, Zhang Sai relayed the guidelines of Comrade Zou Jiahua's statement.

Zou Jiahua said: In the previous planned economy, statistical work served as the basis for planning, playing an important role and making important contributions. Now that we have entered the period of the socialist market economy, statistical work still serves as the basis on which state macroeconomic policy decisions are made, and is an important source of information for the state's macroeconomic regulation and control. The difference is that statistical work should be geared to the new situation, given new substance, and made to perform new functions.

Speaking of the principles for statistical work, Zou Jiahua pointed out: We should continue to meet the requirements of "accuracy, timeliness, comprehensiveness, and convenience" set by Premier Zhou Enlai and

Premier Li Peng, and add objectivity to these requirements. The ideological line of "emancipating the mind and seeking truth from facts" proposed by Comrade Xiaoping can be truly implemented only if we seek truth from facts and truthfully reflect the objective reality in statistical work. Falsifying statistics is a serious, negative corrupt practice. We should view this problem from the perspective of party discipline and state laws. This principle should be implemented conscientiously, both at the central and local levels, and even by enterprises.

Zou Jiahua showed great concern for statistical reform. He said: The purpose of statistics is to reflect the objective reality so the state can correctly assess the macroeconomic situation, scientifically make macroeconomic policy decisions, and effectively guide the establishment of a market economy. As reform deepens and the country opens up wider, we must set targets in accordance with actual needs after conducting statistical surveys. We should adopt targets that are needed for solving a given problem. We should institute a complete system of statistical targets instead of making generalizations.

Comrade Zou Jiahua expressed his great appreciation for the work concept of "relying on science and technology and on the legal system" as put forward by the State Statistical Bureau. He also emphatically pointed out: We should improve the State Statistical Bureau's functions in organizing and directing statistical work nationwide and national economic accounting in cooperation with local governments and departments so that a complete statistical system will be truly established.

Meeting Focuses on Macroeconomic Controls

OW1701074595 Beijing XINHUA in English 0704 GMT 17 Jan 95

[FBIS Transcribed Text] Haikou, January 17 (XINHUA)—Improving the quality of the State's statistics work and strengthening macro-economic controls were the major theme of the State's Statistics Working Meeting, which was held recently in Haikou, the capital of south China's Hainan province.

The meeting concentrated on research in applying improved techniques to statistics, strengthening regulations to ensure the quality of statistics, and fully utilizing its information function. It was also concerned with integrating China's statistics with its socialization, internationalization, industrialization, and commercialization.

According to Tai Zhongming, deputy director of the State Statistics Bureau, last year statistics work centered on the improvement of data and stressed reforming statistical surveys. Statistics organizations at all levels have taken measures to supply accurate and reliable data to serve the State's macro-economic policies. The analysis and research services are employed in order to better

utilize statistics' function as a source of information, consultation, and supervision.

Reforms in the survey system have also made significant progress, with methods of reporting statistics being perfected, too. Co-operation and connection between various departments is getting tighter.

The meeting set new tasks for 1995, which focus on the improvement of the quality of data and standards of analysis. They also included: making better use of consulting and supervisory functions of statistics; perfecting the state's economics accounting system; speeding up the pace of surveys; continuing to improve the system of report forms; conducting the One Percent Population Sampling Survey well; speeding up automation of statistics; and tightening up market planning and management.

Bankruptcy Process To Protect Workers' Interests

HK1701055795 Beijing CHINA DAILY in English 17 Jan 95 p 4

[Article by Sun Shangwu from the "Opinion" page: "Workers Interest is Priority"]

[FBIS Transcribed Text] Government officials have decided to let seriously debt-ridden State firms swallow the bitter pill of bankruptcy in an attempt to adjust the capital structure and put the poorly managed firms on alert.

The State Economic and Trade Commission (SETC), a main governmental body involving in guiding the country's bankruptcy work, has selected 18 cities to optimize the capital structure as well as pioneer the bankruptcy experiment.

A total of 40 State-owned enterprises have been put on the would-be bankruptcy records of local governments, and they are expected to enter the judicial process this year.

Among the targeted firms, 11 are large State-owned enterprises, 17 are medium-sized ones, 11 are small ones, and one is a joint venture.

The general assets of these enterprises amount to 4.296 billion yuan (\$505 million), and their debt totals 4.576 billion yuan (\$530 million). They employ 85,905 people.

The State Council, the country's cabinet, issued a notice on the bankruptcy of State-owned enterprises in November to guide the process in these pilot cities.

One difference from the country's first Bankruptcy Law, which took effect on November 1, 1988, is that the notice has put the workers' interest as the primary consideration during the process.

Another difference is that the right of the usage of land has been included in the assets of the busted firms.

"The reason to do so is that many bankrupt enterprises can treasure few valued assets, except their lands, and only by using the income from the land trade, can the livelihood of their employees be effectively protected, a SETC official explained.

The notice stipulates that the rights to use lands of the bankrupt enterprises should be transferred through auctions or bidding.

Income from the trade of lands first must be used to assure the workers' livelihoods, the official assured.

The assets should be appraised by authorized capital-evaluation organizations before they are disposed of. Then they can be transferred.

Employees in busted firms are encouraged to find new jobs by themselves, and they will receive settlement allowance, which is three times their yearly incomes.

Workers from the bankrupt firms will enjoy the unemployment insurance during their jobless period, and they will receive relief funds if they still can not find jobs after the fixed unemployed period is passed.

The SETC official added that local governments should adopt feasible measures to help the jobless workers find new positions because the labour markets in many places are not fully developed.

A survey of Heilongjiang, Liaoning, Sichuan, Hubei and Jiangxi provinces shows that since the country's first Bankruptcy Law took effect, at least 948 enterprises have applied for bankruptcy.

Local governments have earmarked 15,000 to 20,000 yuan (\$1,760 to \$2,350) for each worker laid off.

The study says that assets of these bankrupt firms are all greater than 10 million yuan (\$1.2 million), and the minimum level of their asset and liabilities ratio is 1 to 2.5, some even run as high as 1 to 3.63 (the safe ratio should be 1 to 1).

During the bankruptcy process, China's specialized banks suffer the most because they are the largest debtors to State-owned enterprises.

Statistics show 16.7 per cent or 400 billion yuan (\$47 billion of 2,400 billion yuan, (\$282 billion) in credit loans have been defaulted.

Bank officials said that 60 per cent to 70 per cent of the banks' credit loans come from residents' savings, and too much capital and interest losses caused by bankruptcy will endanger social security and the trustworthiness of banks.

To help the banks to balance their sheets, the central bank has decided to raise the proportion of the reserve fund against dead debts, from the original 2 per cent to 6 per cent. In addition, the central government will allocate 7 billion yuan (\$824 million) to help failing enterprises through the bankruptcy process.

As an inseparable part of the enterprise's reform, the reform of social security has been put on the top of the government's agenda.

This year, it will target establishing an effective old-age insurance and unemployment insurance system.

The cabinet's notice is applicable only in pilot cities.

According to sources from the National People's Congress, the country's legislative body, China is revising the Bankruptcy Law, which is expected to be issued this year.

The following factors might be considered in revising the law:

- Expanding the applicability to all enterprises, regardless of ownership;
- Breaking the monopoly of the government in dealing with the aftermath of bankruptcies;
- Clearly defining the terms of bankruptcy and penalties for violations;
- Adding other items concerning bankruptcy protection.

Seven Types of Commodity Markets To Be Expanded

HK1501062395 Beijing ZHONGGUO XINWEN SHE
in English 0315 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14, (CNS)—The Ministry of Internal Trade of China has planned to gradually augment and expand national and regional commodity markets, which would be multi-functioning, high efficient, market-price regulating and get linked with international markets before the year of 2000. The markets to be augmented are divided into seven kinds:

1. Production means market: to set up several more national wholesale markets including that of coal, steel, machinery and electronic industry, automobile, chemistry as well as rubber and so on and to establish a batch of regional and comprehensive material wholesale markets in the development zones along the coast, Yangtze River and boundary.
2. Grain market: to set up eight more regional grain wholesale markets.
3. Paper and pulp wholesale market: to set up fixed venues for trade of paper and pulp.
4. Sugar market: to consolidate and perfect the existing southern sugar (Guangzhou) and northern sugar (Tianjin) markets.
5. Cotton market: to plan preliminarily two state-grade cotton markets of Shanghai and Jinan, which have been listed in the eighth "Five Year Plan" and are under construction, and 50 regional cotton markets.
6. Agricultural production means market: to set up three to five regional agricultural material wholesale markets of large scale and 20 regional wholesale markets of moderate size.

7. Tea and livestock product market: to set up a national tea auction market in Shanghai.

State-Owned Property Overseas To Be Checked

OW1401091895 Beijing XINHUA in English 0850
GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—China has started a check-up on the property of state-owned enterprises and institutions based overseas.

According to the Ministry of Finance, the drive includes making known the total assets, profits and losses, re-registering the property rights and establishing new accounts.

"The campaign is aimed at finding out the real situation of state-owned property so as to improve the management of it," a ministry official said.

The check-up will be conducted mainly by the overseas-based businesses and institutions themselves, and the results will be verified by the departments and investors concerned inside China, the official said.

He said that the ministry, together with departments concerned, have already worked out plans and regulations concerning the investigation.

Six Obstacles Hinder Development of Private Economy

HK1501062595 Beijing ZHONGGUO XINWEN SHE
in English 1341 GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (CNS)—In recent years, there has been rapid development in the private economy in China. However, at the same time, there are obstacles which restrict the development of the private economy. According to a survey by departments concerned, such obstacles exist in the following six aspects:

First, "left-leaning" ideas and wrong opinions in the society have created doubts and prejudices towards the private economy. For example, some people think that individual businessmen are the sources of unhealthy tendencies, which make many individual businessmen and private enterprises not dare to increase their input into their business and expand their production. Second, in respect of credit, individual businessmen and private enterprises have no enough capital to meet their needs. The lack of operational sites, the poor coordination in services for them, the slow access to economic information have restrained their development. [sentence as received] Third, the individual businessmen and private enterprises cannot bear the burden of excessive fee items and various kinds of compulsory donations. Fourth, the administration system on them has not been streamlined. Different departments have different policies, so the private sector lacks a unified administration mechanism. Departments concerned try to gain any kind of benefits but shoulder responsibility as less as possible

whenever a problem happens. Fifth, multi-lateral receivables have imposed a heavy burden on many individual businessmen and private enterprises. Sixth, technicians are not enough to them and their internal management system is in chaos.

To solve the above problems, people concerned suggested that the governments at all levels and the departments concerned should place great emphasis on and find out methods to solve them so that the private sector can develop in a healthy way.

China Develops Overseas Contract Labor

OW1401020195 Beijing XINHUA in English 0140
GMT 14 Jan 95

[FBIS Transcribed Text] Changsha, January 14 (XINHUA)—China is flexing its muscles as an international labor contractor, according to a national conference held recently in this capital of central China's Hunan Province.

During the first eleven months of 1994, China signed 15,000 overseas labor contracts worth 6.5 billion U.S. dollars, on a trade volume of 4.7 billion U.S. dollars, all of them an increase over 1993, according to the conference.

By the end of November, 1994, China fulfilled 60,000 foreign labor contracts worth 38 billion U.S. dollars.

More attention was paid to organizing a legal system which could deal with contracted labor overseas in 1994, for which the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) unveiled a series of regulations.

With about 140 more firms being approved to contract to undertake foreign projects, the number of businesses swelled to over 450, some with high-tech skills and some engineering design firms, which strengthened China's competitiveness in the international market.

Coastal cities, those along the Chang Jiang River, and border cities all established companies which could tap the international labor market.

Among the 225 leading international labor contracting firms, nine are from China, according to international statistics published in 1994.

A network has even taken shape for training people for overseas labor. In 1994, MOFTEC set up nearly 70 training centers nationwide to instruct personnel in foreign laws, languages, policies, customs, and improving labor techniques, giving them greater adaptability than those have not had the training, according to foreign employers.

XINHUA was told that China is signing agreements on more technology-intensive projects than before, as is attested to by the fact that China is now exporting captains, engineers, soft-ware designers, and airplane maintenance workers.

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In 1995, China will further upgrade the management of contract labor and speed up reforms and legal work in this area, and plans to sign contracts worth 7.5 billion U.S. dollars, with a trade volume hitting 5.5 billion U.S. dollars.

Pudong To Lead Development of River Area

HK1501033995 Beijing ZHONGGUO XINWEN SHE
in English 0257 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (CNS)—A plan known as the "Yangtze River Development Strategies" has recently been worked out. According to the plan, China will have several major projects along the Yangtze River area, which include:

1. To establish an economic area along the Yangtze River with Shanghai's Pudong as the head, covering some 28 large and medium-sized cities in eight areas from Chongqing to the mouth of the Yangtze River;

2. To speed up construction of basic facilities and core projects. Of these, more than 100 are projects with an investment of over \$200 million, including a 6 million-tonne refinery in Shanghai's Jinshan, Pudong International Airport, a sedan plant in Shanghai with an annual output of 300,000, second phase development of Qinshan Nuclear Power Plant, Panzhihua non-ferrous metal project, Beijing-Shanghai express railway, a Hubei project to produce annually 300,000 sedans, Three Gorges Project and so on;

3. To speed up the use of foreign capital along the Yangtze River and explore more excesses to foreign investment;

4. To open local market to foreign businessmen. According to international practices, construction and business running with foreign capital will all be in the charge of foreign investors within a time limit of 15 years.

5. To lift investment ban on several "forbidden zones" and allow foreigners to invest in some industries suitable for them under the prerequisite of not affecting national interests.

Three Gorges Project To Invite Bids 'This Year'

OW1601070095 Beijing XINHUA in English 0644
GMT 16 Jan 95

[FBIS Transcribed Text] Yichang, January 16 (XINHUA)—The Three Gorges Project, the largest water-control project in the world, will invite more domestic and overseas tenders this year.

He Gong, deputy chief manager of the China Chang Jiang River Three Gorges Project Development Company, said that excavation and concrete work in the principal part of the project will begin this year, in addition to preparatory work to improve transport facilities and cement projects.

The manager said that the earthwork this year will be equivalent to that in building a one-million-kw hydro-electric power station.

Bidding this year will mainly deal with a shipping channel and ship locks, concrete works for a ship lifter, and a dam for generating units.

The official inauguration of the construction of the Three Gorges Project was announced on December 14 of last year, in the wake of two years of preparatory work, and the whole three-stage project will take a total of 17 years.

Upon completion, the project will provide huge benefits in flood-control, power supplies, and shipping with its 185-m-high dam near the well-known scenic spot of the Three Gorges of the Chang Jiang River.

Real Estate To Give Priority to Apartments

OW1501020195 Beijing XINHUA in English 0140
GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—This year's priority in the real estate industry, a sector targeted by the country's tight-credit policy, will be given to the construction of apartment buildings.

Vice-Minister of Construction Li Zhendong said recently that the strategy is aimed at providing a fairly comfortable living area for all urban families by the year 2000.

To that end, Li said, China must build apartments with a total floor space of no less than 165 million sq m in the urban areas alone each year in the run-up to the next century.

He added that construction of residences is a market expected to remain brisk for many years to come. It already makes up about 80 percent of the real estate industry.

Statistics show that investment in real estate totalled 117.2 billion yuan (about 13.8 billion U.S. dollars) in the first 11 months of last year, up 51 percent over the same period of 1993.

The vice-minister said that he expects this year's national real estate budget to exceed 150 billion yuan.

Ministry Plans To Nurture Large Electronics Groups

HK1501074995 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 8

[By Jian Feng: "Electronics Ministry Sets Plan"]

[FBIS Transcribed Text] The Ministry of Electronics Industry has programmed a strategy to help some Chinese enterprises grow into electronic heavy weights.

The ministry hopes to nurture some large electronics groups to improve the industry's competitiveness on the world market.

The programme calls for four or five electronics companies each with sales reaching 10 billion (\$1.17 billion) to 20 billion yuan (\$2.35 billion) by the end of the century.

By the year 2010, several Chinese companies will edge into the world's top 500 electronics companies.

Exports of these giants will account for more than 30 per cent of their total sales.

And over 3 per cent of their sales will be invested in research and development of new technology and products, said the officials.

Last year the ministry gave special supports to five large companies: Shanghai Audio and Video Co, Changhong Electronics Co, Legend Group, China Panda Electronics Group and Caihong Electronics Co.

Sales of Shanghai Audio and Video, Changhong and Panda were expected to exceed 5 billion yuan (\$588 million) each last year.

The ministry will select several more large companies this year and grant them the same preferential treatment as those given to overseas investors to help them grow quickly, including special loans to support development of new technology and high-tech products.

Priority will also be given to these companies in issuing stocks and bonds on capital markets at home and abroad, the officials said.

Shanghai Audio and Video Co and Changhong Electronics Co in Sichuan Province have been listed on the Chinese stock markets.

China Panda Electronics Group is now preparing to issue stocks on the Hong Kong stock market, according to company officials.

The ministry hopes these companies can become more powerful by annexing small factories and diversifying their business.

And they're encouraged to set up research and development centres jointly with world-renowned foreign giants.

They are also encouraged to establish production bases and sales networks in foreign countries.

More Laws on Industry, Commerce Planned in '95
HK1501033495 Beijing CHINA DAILY in English 14 Jan 95 p 1

[By Ma Zhiping: "More Business Guidelines Coming"]

[FBIS Transcribed Text] More laws and rules governing the domestic business sector and industrial and commercial activities will be drafted and implemented this year

to cope with the needs of the rapidly developing market economy, government officials say.

"A market economy is a legally regulated economy and establishing a scientific and complete legal system will ensure the building of a socialist market economic system in China," said Wang Zhongfu, head of the State Administration for Industry and Commerce (SAIC), which oversees the country's domestic business activities.

All market economic activities and competition should be defined and governed by laws, and administrative bodies for industry and commerce must conduct themselves in line with the law, Wang said.

"It has become a task of top priority to speed up the drafting of laws and regulations to complete the country's legal system in the areas of industrial and commercial administration."

The SAIC, alone or in co-operation with other central government departments, plans to draft antitrust laws and laws on partnerships and solely overseas-funded firms.

"We will also start, and finish within the year, the drafting of an administrative regulation on the examination, approval and registration of legal representatives. And we will also start work on the registration of enterprises," Wang said.

"Preparations will be made for the drafting of a regulation on the protection of non-trademark commodity labels and the revising of the detailed rules for implementing the trade mark law." The SAIC also plans to issue supplementary rules—including rules banning unfair competitive practices such as imitating the names, packaging and appearance of well-known products—to complement the laws concerned.

In addition, the SAIC will draw up rules on the administration of brokering business this year, Wang said.

"Last year the State Administration for Industry and Commerce issued rules on the administration of company registration, the examination and registration of foreign-funded firms and the administration of trade mark agents."

Minister Sets Priorities for Railroad Development
HK1501033395 Beijing CHINA DAILY in English 14 Jan 95 p 1

[By Yang Yingshi: "Rails Will Focus on Improved Service"]

[FBIS Transcribed Text] Quality and efficiency are priorities in China's railway development this year, Railways Minister Han Zhubin said in Beijing.

Continuous growth in the railways' workload coupled with an expected decrease in investment this year make such goals necessary, he pointed out.

In 1995 the railways are expected to transport about 1.6 billion tons of freight and another 650 million tons of coal, including about 200 million tons of coal from the major producer, Shanxi Province.

More than 1 billion passengers will travel by train this year, the official predicted.

These targets represent only a minor increase over last year, Han said. He explained that the focus of railway transportation should shift to safety and punctuality to assure its quality and efficiency.

About 1.2 billion yuan (\$140 million) will pour in to keep transportation safe, 100 million more than in 1994.

He stressed that management over the transportation department would be strengthened so that materials of special importance to national economic development could be handled as scheduled.

The ministry is also planning to run heavy-duty freight trains with over 5,000-ton loads each on the Beijing-Guangzhou and Beijing-Shanghai railways this year.

He added that more investment will be put in passenger transportation to improve the facilities and service. He did not specify.

The State will allocate roughly 30 billion yuan (\$3.5 billion) in railway construction this year, Han said. But that amount is far from enough to make ends meet.

A majority of 19.75 billion yuan (\$2.3 billion) will be directed to the construction of 10 key projects now under way, which include the well-known Beijing-Kowloon Railway and the new railway station of Beijing.

Principally, no new large and middle scale railway construction project will be approved this year before the Ninth Five-Year Plan is set, according to Han.

The minister said the State's railway industry suffered heavy losses last year, but he did not disclose figures. He said the sector will face even greater losses this year.

He said preferential policies will be given to ease the lack of funds.

Shipbuilding Industry Experiences 'Record Year'

OW1701093295 Beijing XINHUA in English 0907
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—China's ship-building industry witnessed a record year in production in 1994, according to the China Shipbuilding Industry Corporation (CSIC) today.

The total tonnage of ships built in the country last year exceeded 1.6 million tons, with the output value growing by 13.5 percent, the best in the industry's history, a CSIC spokesman said.

According to the same source, the country's output had already exceeded one million tons for the first time in

1992, followed by a 30 percent increase the following year, giving it the rank of third place in the world for size of orders.

The sector received orders accounting for 1.63 million tons last year, out of which foreign orders hit a record 1.42 million tons. The total tonnage of ships completed reached 1.64 million tons.

In addition, three large shipyards were constructed and five shipyards were renovated.

Cities To Build Underground or Light Rail Systems

HK1501062995 Beijing ZHONGGUO XINWEN SHE
in English 1256 GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (CNS)—Chinese officials in charge of the light rail system project have drawn a very ambitious plan to build up light rail systems in twenty cities with a view to ease the aggravated traffic congestion problem.

In China, there are thirty cities that have a population of a million people or more whereas in 1988, there were only twenty-eight. However, the transportation network of these cities are unable to keep abreast of their pace of urban development.

More than twenty cities are now planning to instal the light rail system in order to ease the road congestion. Most of the funds would come from foreign investors and local governments.

In the meantime, Beijing has already started to extend its 42 km long underground railway to a further 12 km. There are also plans to build a south-to-north underground line of 19.5 km in the next few years.

In Guangzhou, the 18.5 km long underground railway project, which is financed by Germany, is in progress and is expected to be in operation in 1998.

The first underground railway line in Shanghai, which runs 16.1 km, will be fully operational in May while the second route will be put into use in 2000.

Tianjin and Qingdao have also planned to extend and build underground railways. The city of Chongqing, Sichuan Province, will be also installing a light rail system of 17.4 km.

Finance & Banking

National Financial Working Conference Closes 14 Jan

China To Implement Tight Monetary Policy

OW1501143795 Beijing XINHUA in English 1424
GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—China is to implement a relatively tight monetary policy this year in a bid to control the rising inflation problem, a senior banking official said.

China will control the total volume of monetary credit this year and improve financial supervision and service to resolutely bring inflation under control, said Zhou Zhengqing, vice-governor of the People's Bank of China, at a five-day national financial working conference which closed here Saturday [14 January].

He said the credit to agriculture will be increased by 26.4 percent from that of last year to help ensure the production of grain and vegetables.

That will be part of the efforts the government will make to readjust the structure of credit, he said.

The central bank will continue to give credit to support the construction of state leading key projects, infrastructural facilities, basic industries and technical renovation projects as well as better-running state-owned enterprises, processing enterprises using farm sideline products, and best-selling products.

He said that financial supervision work and service work will be enhanced. Random borrowing and lending, illegal fund raising and other illegal operations will be corrected with concentrated efforts.

The steps of financial reforms will be quickened. The People's Bank, China's central bank, will try to do a better work in improving foreign exchange policy via such indirect means as credit and interests, Zhou said.

The state-owned commercial banks will also take a series of reform measures this year to establish a credit management responsibility system. They should support the establishing of a modern enterprise system on a trial basis.

The three policy-lending banks, which were founded last year, will standardize their operation in the source and use of funds, and urban cooperation banks will be established step by step this year.

He said that last year an important step was taken in financial reforms and the reforms on foreign exchange system have achieved remarkable progress.

Total bank deposits in 1994 increased by 37.1 percent over the previous year and the general bank deposits by urban and rural residents increased by 631.5 billion yuan, an increase of 41.5 percent from 1993.

In addition, the foreign exchange reserve by the end of 1994 increased by 140 percent from that of early 1994, he said.

Monetary Policy To Target Inflation

HK1601073495 Beijing CHINA DAILY in English 16 Jan 95 p 1

[By Ren Kan: "Inflation is Target of Bank's New Policy"]

[FBIS Transcribed Text] China will adopt a "relatively strict" monetary policy this year to firmly curb inflation while speeding up financial reform.

That message came from Zhou Zhengqing, Vice-Governor of the People's Bank of China, the country's central bank, at a five day banking conference which ended over the weekend in Beijing.

Zhou said that the financial industry, which plays a major role in curbing inflation, will strictly control the total amount of available credit.

He said State-owned banks will continue to be under the credit-quota management plan which has been one of the important means by which the central bank controls the supply of money.

Without permission, he said, no bank would be allowed to exceed the quota set for it by the People's Bank of China.

Other commercial banks and non-banking financial institutions will also manage their loans according to the quotas or asset-to-liability ratio set by the central bank.

Zhou said that the country will readjust the credit structure to increase the flow of capital into the agriculture industry.

He said the total credit to agriculture this year will increase by 26.4 per cent over last year, accounting for 10 per cent of this year's increased total of bank loans to all economic sectors.

These loans will support agricultural production, especially grain and vegetable output.

He said the country will firmly guarantee there is enough capital to purchase farm products to prevent issuing IOUs to farmers.

Priority for working capital loans will go to the production and sales of State enterprises which are profitable and have not stockpiled their products.

The loans will also be used to support processing firms which are using farm products as raw materials and the production of products which are urgently demanded in the market.

Zhou said that banks will tightly control the loans to enterprises which have stockpiled their products and remain in the red.

The outstanding "working-capital loans" which have been misused in real estate or stock trading and fixed-asset investment will be recalled by banks.

"All financial institutions should strictly control the fixed assets loans which are subject to mandatory planning," he said.

Fixed assets loans will be guided to support the key State construction projects, basic industries and infrastructure facilities and technical renovation projects.

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To ease inflationary pressure, he said, the financial industry will also control the rapid growth in the country's social spending and tighten management of cash.

Zhou said the financial reforms launched since last year have achieved great success, further boosting the country's confidence in deepening reforms this year.

The People's Bank of China this year will enhance the use of indirect macroeconomic control, including the central bank's relending, interest rate and open market operation, to co-ordinate renminbi and foreign exchange policies.

"The country will gradually set up a macro-control system mainly relying on indirect control tools," Zhou said.

Focus on Controlling Inflation, Credit

HK1501061295 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 1

[By Ren Kan: "Bank Work To Centre on Inflation"]

[FBIS Transcribed Text] The financial industry took centre stage last week as the nation's four specialized banks held working conferences in Beijing.

During the meeting, attended by heads of provincial branches, all the banks emphasized the central role of their 1995 work as curbing inflation and controlling credit size.

President of the Industrial and Commercial Bank of China Zhang Xiao said his bank will tightly control loans within the quota approved by the central bank.

Zhang said the bank will also cut loans to enterprises which cannot sell their products or swim in red ink.

The bank will also recall working capital loans which have been misused in real estate, stock trading and fixed-asset investment.

Priority in bank lending will go to firms with good efficiency and strong debt repayment ability.

Wang Qiren, chairman of the Bank of China, said he has required local branches to conscientiously carry out the central bank's currency policy focusing on curbing inflation.

He said the bank will continue its efforts to perfect foreign exchange reform while improving statistics on foreign exchange income and expenditures.

The bank will also enhance its credit management to ensure the repayment of foreign exchange loans.

Construction Bank of China President Wang Qishan required his bank's branches to focus fixed-asset loans on infrastructure industries with promising development prospect.

The loans will also tilt towards medium and large-size construction projects which will be completed soon.

Wang said no loans will be allowed to support construction of luxury hotels, office buildings, villas and entertainment facilities.

The Agricultural Bank of China is poised to increase loans to the agriculture sector this year to help the government ease inflation.

The bank is planning to supply more than 57 billion yuan (\$6.78 billion) of loans to the agricultural industry, 26.4 per cent more than in the previous year.

Agriculture's thin foundation and price rises are seen as some of the major causes for last year's high inflation.

New Mortgage Law To Enliven Shanghai Property Market

HK1501033795 Beijing ZHONGGUO XINWEN SHE in English 0222 GMT 14 Jan 95

[FBIS Transcribed Text] Shanghai, January 14 (CNS)—In Shanghai, the new mortgage law has become effective since January 1, 1995 and this is expected to activate the property market.

In August 1994, the Shanghai municipal government announced the "Property Mortgage Regulations in Shanghai" which contains sixty-six articles. The regulations give very clear descriptions of mortgage rights of various types of property, signing of mortgage contracts, administration of mortgaged property, alteration, discharge and termination of mortgage contracts, registration of mortgaged property and the question of lien.

The regulations indicate that property mortgage shall be made on the basis of voluntary, equal and honest principles. The category of mortgaged property covers: the legal rights to use of leased land acquired through property transfer; the legal rights of possession and utility of land within the boundary of the property; the legal rights to property which can be mortgaged in accordance with the law. All transactions of property mortgage in accordance with the regulations will be protected by law.

Experts in the property trade pointed out that, because of the macro economic adjustment policy, the property market in Shanghai was very quiet in 1994. A great number of development projects were delayed in the wake of the tightened loan policies of the banks. Because of the over-investment activities earlier, there were now far more supply than demand in the property market. The new property mortgage regulations may, as many people hope, make the property market alive again in Shanghai in 1995.

Government To Repay Foreign Loans 'on Schedule'*OW1701110695 Beijing XINHUA in English 0830 GMT 17 Jan 95*

[FBIS Transcribed Text] Beijing, January 17 (XINHUA/OANA)—The Chinese government is going to take various measures to ensure repaying foreign government loans as scheduled in order to maintain its credit.

The remarks were made by a senior official with the Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC) recently in an exclusive interview with XINHUA.

He said that until now, there have been no major problems in paying back foreign government loans, and all creditors are satisfied with China's efforts in this regard.

From 1979 to 1994, a total of 22 countries provided China with government loans with 15-year to 30-year terms, as well as extended time limits of 7 to 10 years. Therefore, many of the foreign loans issued in the early 1980's are now gradually coming due.

"The fact that China can repay the loans on schedule has an important bearing on China's reputation in the world and, the Chinese government has paid great attention to it," the official said.

He noted that since the majority of more than 1,200 projects with foreign government backing produced profits, loans and interest could be paid back in accordance with the agreements.

However, he said, some units have encountered difficulties in repaying their loans due to the following factors:

- The funds were used for projects connected with infrastructure and environmental protection, which yielded social benefits rather than economic profit.
- Cost of repayment increased dramatically because of changing exchange rates for foreign and domestic currencies as well as price hikes.
- Poor management practices and improper choices in projects also led to defaulting on debts in some cases.
- Some units also, lacking a proper sense of repayment, did not pay the loans back on time.

As a result, many Chinese banks and investment companies have had to pay back loans for the borrowers, and have themselves shouldered heavy financial burdens, the official said.

However, in order to solve the problem, a series of measures are being considered, he added.

The official, who is in charge of foreign government loans, said that government departments at various levels should make certain that units using foreign government loans are fully aware of the economic and

judicial responsibilities that they bear. Those with poor management skills should be given assistance in improving their administrative ability so that they can make a profit soon to ensure repayment on schedule, he added.

To establish a repayment fund and responsible repayment system is another important measure, he said, adding that all governmental departments concerned with this should establish procedures for the usage of repayment funds.

Those regions whose units defaulted on large loans, or repeatedly refused to pay them back, or could not repay within fixed time limits, should not get any approval for new loans or the further dispersal of old ones could be canceled, he said.

China To Make 'Better' Use of Foreign Government Loans*OW1601171595 Beijing XINHUA in English 1624 GMT 16 Jan 95*

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—China is expected to receive 2.5 billion U.S. dollars-worth of loans from foreign governments this year, and is determined to take various measures to use the loans better to improve China's infrastructure and environmental protection.

The remarks were made by an official with the Chinese Ministry Of Foreign Trade and Economic Co-operation (MOFTEC) in an exclusive interview with XINHUA.

"The outlook for foreign governmental loans to China is very optimistic this year; just as good as in 1994," said the official.

Last year, 16 countries provided China with governmental loans, worth a total of 2.4 billion U.S. dollars. They were used to fund projects in China's 30 provinces, municipalities and autonomous regions. Many projects in remote regions inhabited by national minorities also benefitted from the loans.

Granting such loans to China is beneficial to both China and the foreign creditors, the official said, since the loans not only make up the shortage of funds for China's economic development, they also increase the creditor countries' exports to China.

He added that, in order to get the upper hand in the competition in China, a potential and actual large market, foreign countries should not only seek advantages in price and quality, but make efforts to increase loans.

Moreover, the foreign governmental loans, used mainly in projects concerning infrastructure and environmental protection, will help to improve the earth's ecological environment and China's investmental environment, which will be beneficial for the development of foreign business in China, he said.

The official pointed out that China will manage the loans in a better way to make them play a more important role in China's modernization drive.

Statistics show that from 1979 to 1994 more than 1,200 projects in China used loans granted by 22 countries, with the totals of promised, contractual, effective and used loans worth 33 billion, 27 billion, 21.7 billion and 18.5 billion U.S. dollars, respectively.

Since 1987, the official said, China has established an effective system of supervising and managing foreign loans, and has issued a series of decrees on the approval of foreign governmental loans, as well as management of relevant projects.

The management of foreign loans should be carried out in accordance with more scientific and unified standards, he said, adding that work on project choice and sense of responsibility for repaying loans should be strengthened.

Governments at various levels and relevant departments should establish systems to ensure proper management of project files, records of loan use, reports of project progress, and prediction of repayment, he said.

Personal Savings Grew 101-Fold in Last 16 Years

OW1701054595 Beijing XINHUA in English 0450
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Personal savings nationwide grew more than 101-fold during the 16 years between 1978 and 1994, according to the People's Bank of China, the country's central bank.

The total amount by the end of December reached 2.15 trillion yuan (about 255 billion U.S. dollars), compared with 21 billion yuan in 1978, representing an annual growth of 33.5 percent as well.

From another angle, per capita savings rose from a mere 21.88 yuan to 1,795 yuan during the period, up 82-fold, or a 31.7 percent annual rate.

Personal savings, which used to be far less than funds put aside by businesses, financial departments, and institutions before 1980, accounted for 53.1 percent of total bank deposits by the end of last year.

"Personal savings have become the most important source of bank credit and loans," a bank official said, adding that they contributed to 43.3 percent of total bank credit and loans by the end of December.

Official sources say that since 1988, 70 percent of the funds needed to support China's economic growth come from bank credit and loans, and savings have accounted for 70 percent of the growth in the credit and loans. More important, last year, 90 percent of the growth in bank credit and loans was due to the increase in savings.

Official Discusses Government's 1995 Bond Issues

OW1601153995 Beijing XINHUA in English 1507
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—A Ministry of Finance official revealed at a seminar in Wuhan, the provincial capital of central China's Hubei Province, that the total volume of 1995 government bonds will be larger than last year's 102.8 billion yuan (about 12.1 billion U.S. dollars)-worth.

Finance and securities experts forecast a more brisk market supported by the larger amounts of such bonds to be issued in a more market-oriented manner.

The experts predict that total transactions this year are likely to top 5,000 billion yuan, more than twice last year's.

In addition to the past leading bonds that carried two- or three- year maturity terms, China is to issue short-term bonds of six months and long-term bonds of five to eight years for the first time.

This year's first batch of government bonds is expected to be offered this month, well-informed sources said.

Vice-Minister of Finance Jin Renqing has said that this year's overall economic situation is favorable for the issuance of government bonds and reforms in the bond market.

"Government bonds can do more than just pool funds for the state treasury," he said. "They will turn out to be an important instrument by which the country's central bank, the People's Bank of China, can conduct open market operations."

The central bank can thus exercise macro-economic control through managing the bond market, Jin said.

Official sources said that the country's four national state banks will underwrite the bulk of the 1995 bonds and the remainder is expected to be bought by securities exchanges, trading centers and brokers, and individuals, reversing the tradition of government bonds mainly intended for individual investors, enterprises and institutions.

New sales methods like public bidding and auction will also be introduced on a limited basis, in order to reduce issuance costs and make interest rates on government bonds more market-driven.

Since 1981 the interest rates on bonds have always been about one or two percentage points higher than those on bank deposits of the same maturity terms.

This has disturbed the structural relationship among yield levels at the money, credit, government bond and securities markets. It has also been a great strain on the state coffers, analysts noted, adding that the government bond debt due to be serviced this year stands at around 80 billion yuan.

The analysts believe that this year's tight-credit and macro-economic control policies will greatly dampen the further expansion of the markets for stocks, corporate bonds and mutual funds, driving a large amount of otherwise securities investment into the government bond market.

They hold that the state banks' significant involvement in the bond market and the envisaged establishment of a unified national trust, settlement and clearing system for government bonds will be a combined driving force which is needed to standardize the bond market.

Interest rate on bank deposits pegged with inflation by the central bank has virtually made the interest rates on government bonds float. Therefore, any change in the bank deposits interest rate will certainly have an immediate impact on the bond market, the analysts stressed.

Statistics show that China has, to date, issued 330 billion yuan- worth of government bonds.

Official on Need To Standardize Securities Markets

HK1601073695 Beijing CHINA DAILY in English 16 Jan 95 p 7

[By Tong Ting: "China Plans to Standardize Its Securities Market"]

[FBIS Transcribed Text] China is to speed up standardizing its burgeoning securities market, Liu Hongru, chairman of the China Securities Regulatory Commission said.

Liu told a securities seminar at the weekend: "The country needs to further perfect its legal frame and management system to standardize the activities in the securities market." He noted that in spite of the fast growth, China's securities market lacks a steady capital supply.

The excessive short-term speculation leads to sharp fluctuation in securities market, especially the stock market.

China has yet to set up strict and unified supervision and management system and bodies of the securities market, Liu said.

The securities market is short of qualified personnel.

Liu suggested that the country map out a series of specialized laws and regulations to strengthen and unify the securities market.

"We should develop institutional investors, especially investment funds to improve the stability of the market," he said.

He said China will continue to carry out prudently the experiment of listing domestic firms in overseas exchanges.

So far, 17 State-owned enterprises have been listed in the Hong Kong and New York stock exchanges.

Liu said the country will also strengthen co-operation with foreign counterparts to improve the country's supervision system.

"We prepare to establish an around-the-clock inspection system to monitor the fluctuation of the market to prevent corruption," Liu said.

In another development, Liu called for efforts to standardize the country's futures market and strictly control financial futures in a bid to regulate the unchecked development of the market.

Two thirds of the 300 registered futures brokerage companies work in overseas deals which mean an outflow of capital.

Shanghai Exchange Undergoing 'Major' Restructuring

HK1401063395 Hong Kong EASTERN EXPRESS in English 14 Jan 95 p 25

[By Donald Last]

[FBIS Transcribed Text] The Shanghai Securities Exchange (SSE), the larger of China's two stockmarkets, is undergoing a major restructuring. The move is a bid to strengthen supervision and information disclosure, sources from the bourse said yesterday. Among the structural and personnel changes planned are three new departments. These are designed for the handling of market supervision, information disclosure and research. Sources said these market-friendly restructuring measures are part of the efforts by authorities to protect the rights of shareholders and create a more transparent operation.

Much as a roller-coaster ride, the stockmarkets in China are not for the fainthearted. Share prices could rise or plunge by 20 per cent in a single day. Small investors have complained that they have often been taken for a ride. Many forms of fraud are prevalent in the market. Insider-dealing and market manipulation by big investors and brokerage firms are rampant.

Chinese regulatory authorities at the national level, which until recently turned a blind eye to the malpractice, have started to take action. Recently, the China Securities Regulatory Commission (CSRC) fined one Shanghai-listed company, and one Shenzhen brokerage firm, for manipulating stock prices.

The sources added that the SSE's decision to set up a market supervision department will help bring those unruly players into line. For instance, the over 500 members of the SSE are now required to regularly report their personnel changes, financial and operating conditions. The SSE also wants to look into files and data from member firms, so as to ensure that no violation has taken

place. The establishment of a new information department by the SSE is to improve information flow and disclosure.

The SSE also appointed Wang Qiang as the deputy director of market supervision. The department, headed by Lu Guoyuan, will be responsible for information relating to the exchange and member firms. The department is to set-up a real-time electronic information system in the first quarter of this year, providing the latest information, in Chinese and English, to investors at home and abroad.

A newly set-up Development and Research department will strengthen research capabilities at the exchange, giving a clearer direction of the economy, and social developments. Heading the department is Zhu Honglang.

Finally, the exchange is to set up representative offices in Beijing and Shenzhen, as a means of co-operating with the CSRC and other stock markets.

Heilongjiang Reports 1994 Financial Achievements

SK1401080295 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 13 Jan 95

[FBIS Translated Text] The 1994 financial revenues of the province as a whole surpassed the annual budget by 25.9 percent and showed a 20.4 percent increase over comparable items of 1993. The financial spending in 1994 accounted for 90.6 percent of the annual budget and showed a 14 percent increase over 1993. Those are the achievements scored by the financial departments at all levels across the province by earnestly organizing and enforcing the new system of tax distribution, by straightening out the relations of distributions between the state and enterprises, and by bringing into play the enthusiasm of governments at all levels in broadening sources of incomes and reducing expenditures as well as in increasing incomes and curtailing expenses. Financial departments at all levels across the province have placed the work of supporting agriculture in an important position over the past year. In making arrangements for the budget, they worked in the investments made in agriculture, whose scale was 2 percentage points higher than that of ordinary financial spending. The province attracted and absorbed almost 300 million yuan in investments from various social circles for the provincial level expenditure of supporting agriculture, which played an important, supporting, and promoting role in agriculture and in developing the rural economy. These departments spent 220 million yuan on enhancing the construction of agricultural infrastructures, in which 890,000 mu of paddy fields were built or improved, 1.62 million mu of pastures were reformed, 4,700 large and medium-sized farm machines were renewed, 40 comprehensive service stations of farm machines at the township-town level were built, 18 livestock centers at the county level were perfected, 11 veterinary stations at the

township-town level were established, and the service system for aquatic production at the county level was set up.

The province as a whole also created relaxed conditions in the financial policies for the state-owned enterprises to shift their business mechanism, raised special funds for curtailing the losses, and helped key industries and trades save themselves by overcoming their difficulties. In 1994, commercial enterprises across the province showed a 12.6 percent increase over 1993 in curtailing their losses and grain enterprises cut their losses worth 100 million yuan. Financial departments at all levels across the province also actively supported the opening of the second battlefield of economic development. In 1994 the provincial level financial units showed an 18.8 percent increase over 1993 in working fund release for township enterprises. They also adopted some special policies to support tertiary industrial enterprises. The number of township enterprises established under this financial support increased to 4,000. Meanwhile, the province also broadened the business fields of the tertiary industry; enabled the strong points of natural resources to be turned into economic ones; and promoted the development and growth of non-state-owned enterprises.

Inner Mongolia Chairman Arranges 1995 Financial Work

SK1601041095 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 15 Jan 95

[FBIS Translated Text] The regional financial, tax affairs, and state property management work conference was held in Hohhot this morning.

Regional leaders Wu Liji, Liu Zuohui, Song Zhimin, and Yuan Mingduo attended the conference. Present at the conference were leaders and responsible comrades of the autonomous regional and various league and city financial, tax affairs, and state property management departments. The main purposes of this conference are to comprehensively implement the guidelines of the important meetings sponsored by the state and the autonomous region recently, to analyze and sum up the 1994 work of the region, to arrange the region's 1995 financial, tax affairs, and state property management work. Wu Liji and Song Zhimin respectively made speeches at the conference.

Wu Liji said: At present, we are in the key period of changing the planned economic system into the socialist market economic system. Under the new situation, on the one hand, we should cultivate natural resources dominantly in line with the market demands; on the other hand, we should improve and strengthen the governments' control over the economic development and the people's livelihood. According to the unified arrangements of the party Central Committee and the State Council, in line with the region's actual conditions, and in light of the general requirements for setting up the

socialist market economic system, we should ceaselessly explore and perfect the financial means for regulating and controlling the economy in the new situation. In line with the region's actual conditions, we should pay attention to the ways for making and accumulating money, managing money matters, and assimilating money; enhance financial strength; promote economic development; achieve the redistribution of revenues; and ensure a normal operation of social economic activities.

He stressed the necessity to emphatically attend to the following few points at present: First, expand the dynamics of readjusting the industrial structure and the product mix so as to turn natural resources into financial resources. Second, achieve the development of state-owned enterprises and cultivate efficiency-oriented financial resources. Third, accelerate the development of nonstate sectors of the economy and strengthen the foundation for creating financial resources. Fourth, continue to strengthen agriculture and animal husbandry's role as the foundation of the national economy and expand the range and quality of the financial resources of the primary industry.

Wu Liji pointed out: We should strengthen the awareness of taking the whole region into consideration and ensure a smooth readjustment of the region's financial system. The regional party committee and government decided that from this year, the base figures for revenues and expenditures set in the original system should appropriately be readjusted, some localities should increase the revenues handed over to the central authorities, and relevantly more subsidies should be given to some localities. Such a readjustment is based on the following few points: First, take the region's overall situation into consideration. Second, consider the coordinate development of the region's economy. Third, proceed from the localities' objective actual conditions. This system readjustment fully embodies the party committee and government's concern for the cadres and the people of the localities with difficulties. The areas with subsidies after readjustment should cherish their hard-earned financial resources, immediately work out financial development plans suitable to their actual conditions, make a unified arrangement for making good use of the financial resources of various fronts, firmly attend to increasing revenues and reducing expenditures, and strive to basically balance revenues and expenditures as soon as possible.

Wu Liji also made specific opinions on strengthening the construction of the township-level financial departments, shifting the focus of the financial and tax revenue work onto the grass roots, strengthening and improving leadership, and striving to create a new situation in the management of financial affairs, tax revenues, and state property.

At the conference, Song Zhimin reviewed the 1994 economic, financial, and tax work situation and set specific opinions on the 1995 work priorities.

Song Zhimin said: Over the past year, the region better fulfilled the 1994 annual economic work tasks thanks to the efforts made by all localities and departments to seek truth and to keep forging ahead in a unified and cooperative way. The region's GNP reached 47.39 billion yuan, an increase of 11 percent over 1993. The total grain output reached 21.64 billion jin, the second peak year in the region's history. The number of animals surpassed 57 million head, setting a historical record. The industrial added value of the region reached 13.19 billion yuan, an increase of 12.5 percent over 1993. Domestic and foreign trades developed steadily. The incomes of both urban and rural residents further increased. In short, our region's financial, tax affairs, and state property departments made noticeable achievements in the past year. The regional party committee and government fully affirmed their achievements. However, we must also notice that some contradictions and problems in the current financial and tax work still exist. We should conscientiously solve them.

In regard to the work that should emphatically be attended to this year, Song Zhimin stressed: First, we should strive to fulfill the 1995 financial and tax work tasks. Second, we should further emancipate the mind, renew ideas, and study and discuss the theory governing the socialist market economy. Third, we should develop the economy, widely pioneer financial resources, and expand financial strength. Fourth, we should carry out the tax assignment system on the basis of a rational division of power between central and local authorities so as to make various localities develop simultaneously. Fifth, we should strengthen the construction of the township-level financial departments and the management of the financial and tax affairs. Sixth, we should strengthen the financial and tax cadre contingents' ideological and organizational construction and professional abilities so as to ceaselessly upgrade their professional and theoretical quality. We should better achieve the 1995 financial, tax revenue, and state property management work and make greater contributions to the region's reform, development, and stability.

Finance Ministry Sets Up Supervisory Organ in Anhui

OW1401154595 Hefei ANHUI RIBAO in Chinese 28 Dec 94 p 2

[By correspondent Yu Rufu (1342 3067 4395) and reporters Yang Peiliang (2799 0160 5328) and Xu Yihua (1776 0001 0553): "The Ministry of Finance Sets Up Financial Supervision Organs in Anhui"]

[FBIS Translated Text] Reporters have learned from the just-concluded provincial work conference of administrative offices for financial supervisors that beginning 1 January 1995, the Anhui-based administrative office for financial supervisors under the Ministry of Finance will officially be inaugurated and so will the 16 prefectural and city administrative units under the office. This

administrative office will undertake supervision and management over central finances, which was originally assigned by the Ministry of Finance to the former financial personnel office in enterprises under the central authorities. This step will strengthen financial supervision and management under the conditions of a socialist market economy.

Since the Ministry of Finance set up financial personnel offices in Anhui's enterprises under the central authorities in early 1987, the offices have played an important role in maintaining financial order and improving enterprises' economic efficiency. According to statistics, in the past eight years, in addition to carrying out routine financial supervision over enterprises in Anhui under the central authorities, 300 financial personnel assigned to enterprises in Anhui under the central authorities were assigned 19 times altogether to participate in transprovincial and transregional financial inspections and special inspections. These were sponsored by the Ministry of Finance. They uncovered 450 million yuan worth of violations of discipline and recovered for the state financial losses totaling 240 million yuan. These persons actively participated in large-scale taxation, financial, and price inspections sponsored by the provincial inspection office. Also, 611 such financial personnel were assigned to conduct inspections of 613 enterprises in Anhui under the central authorities. They discovered 210 million yuan worth of violations of discipline, and they recovered financial losses of nearly 100 million yuan. In checking enterprises' final accounts, they examined year-end settlements of accounts of 3,299 enterprises in Anhui under the central authorities and discovered 210 million yuan that were in question, thus increasing financial revenues by 50 million yuan.

On the basis of former financial personnel offices in the enterprises in Anhui under the central authorities, the newly established administrative office for financial supervisors in Anhui under the Ministry of Finance and its 16 subordinate prefecture- and city-level administrative units will perfect their management through transforming their functions to allow them to better play a supervisory role. The focal points of changes to their functions are: First, to raise the level of supervision, to shift the unitary supervision over revenues of enterprises under the central authorities to the overall supervision over central finances, and to serve to exercise macroeconomic management and strengthen macroeconomic regulation and control over central finances; second, to take advantage of conducting supervision over finances in advance of and during a process, and to truly exercise supervision over central finances; and third, to strengthen supervision over the relevant work of such intermediary organs as accounting firms.

Foreign Trade & Investment

Official on State's Prosecution of IPR Violations

OW160155795 Beijing XINHUA in English 1543
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Over the last three years a total of 2,665 Chinese

have been prosecuted for violating intellectual property rights [IPR] and most of them have been given prison terms, including life sentences and even death penalty, a Chinese official said here today.

According to spokesman Huang Lizhi of China's Supreme People's Procuratorate, Chinese courts have handled 7,923 cases concerning intellectual property right violations since 1991.

Chinese procuratorial organs recovered a total of more than 59 million yuan through investigating and handling intellectual property right cases in 1994, according to the Chinese official. Over the last eight years Chinese courts have handled 7,614 cases of intellectual property right violations, according to Fei Zhongyi, spokesman for China's Supreme People's Court. "Among the cases, copyright violations numbered 2,169, trademark cases 831, patent right violations 2,518, and other violations 1,646," the spokesman said.

Fei disclosed that the Chinese Supreme People's Court has approved the legal interpretations concerning the Decision on Punishing Criminals Violating Copyrights by the Standing Committee of the National People's Congress.

"The legal interpretations regarding the Additional Rules on Punishing Criminals Using Fake Trademarks passed by the Standing Committee of the National People's Congress are also being worked out," he said.

According to the spokesman, although violations of intellectual property rights have increased at an annual rate of 35 percent in China since 1991, only a few cases were involved with overseas-related firms.

Official Says China To Perfect IPR Regulations

HK1701080395 Hong Kong WEN WEI PO in Chinese
15 Jan 95 p a1

[By Weng Hsu-tu (5040 0650 0956) From Beijing on 14 January: "Yu Xiaosong Says China To Perfect Its Laws and Regulations for IPR Protection in Three to Four Years"]

[FBIS Translated Text] Yu Xiaosong, vice minister of the State Economic and Trade Commission, said: The government has confidence in making full additions to, and perfecting, the laws for the protection of intellectual property rights [IPR], and the problems between China and the United States in this field should be solved through negotiations.

Today, Yu, who is concurrently a member of the Economic Affairs Group of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Economic Region, expressed his opinion when asked by reporters about the Sino-U.S. IPR talks to be held between 18 and 20 January. Yu Xiaosong reiterated that the Chinese Government would assume a positive attitude toward the forth-coming talks, and stressed the

government's determination and confidence in IPR protection. He quoted Deng Xiaoping's words by saying that "science and technology constitute the primary factor of productive forces," and affirmed that in order to realize modernization, China must effectively protect intellectual property rights.

Yu Xiaosong pointed out: The phenomena of violating IPR not only exists in China, but also exists in Britain, the United States, and other countries. There must first be a set of perfect laws and regulations in order to effectively check the illegal activities. However, even if there is a perfect legal system, whether lawbreakers are punished as they deserve will still depend on the overall condition of social development, and this is also related to overseas factors. Yu Xiaosong said that IPR encroachments in China were not all committed by Chinese people.

Spokesman on 1994 Trademark Infringement Cases

OW1601132195 Beijing XINHUA in English 1304 GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—China handled 11,000 trademark infringement cases last year, it was announced here today.

Eighty-six people guilty of serious crimes in this regard may face imprisonment, according to Dong Baolin, spokesman for the Trademark Bureau of the State Industry and Commerce Administration.

This has put the total number of trademark infringement cases dealt with by the authorities since 1983 at 140,000 or so, out of which more than 500 involve overseas trademarks, Dong said.

Chinese violators of well-known foreign trademarks, including Kodak, Adidas, Nike, Puma, Momil, Hennessy, Martell, Coca-Cola, Pepsi, Lux, have been heavily fined or prosecuted.

He said these cases were handled followed complaints filed by the victims, both foreign companies and Chinese consumers.

Guangdong Province alone handled more than 845 trademark cases last year, of which 260 were overseas-related. Ten million counterfeit trademarks were destroyed there, Dong said.

Beijing handled more than 65 such cases.

China's trademark bureaus last year received 140,000 trademark applications, which is four times the figure for 1988. There are 97 trademark agencies in the country, of which 17 provide overseas services.

China is negotiating with Britain and Thailand to set up trademark monitoring bodies on the lines of a similar organization being established with France, Dong said.

Government 'Crackdown' on IPR Infringements

OW1601154495 Beijing XINHUA in English 1527 GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Chinese government called for a more strict crackdown on the infringement of intellectual property rights (IPR) today.

Duan Ruichun, spokesman with the Office of the IPR Working Conference under the State Council, urged local governments to enhance the protection of IPR.

He said that the country will further strengthen the supervision of its IPR law enforcement and tighten the punishment of violators.

He noted that the major target of the ongoing anti-IPR infringement campaign is the piracy of copyrights of overseas audio and visual products, softwares, books and magazines.

The government will launch an intense inspection of "underground mills", black markets and retailers of counterfeit compact discs, Duan said.

At the same time infringement on famous trademarks, patents and unfair competition acts will also be checked.

He disclosed that a national IPR meeting has been held here, which called on local governments to work out an inspection plan and put it into effect as soon as possible.

Furthermore, the State Council has required local governments to submit work reports on the inspection every week.

Moreover, the central government has called for a popularization of IPR laws across the country.

Crackdown on Copyright Violations Continues

HK1701050995 Beijing CHINA DAILY in English 17 Jan 95 p 1

[By Chen Chunmei: "Intellectual Property Progress Report—Crackdown Unrelenting"]

[FBIS Transcribed Text] China is determined to crack down on violations of intellectual property rights, says Duan Ruichun, Director-General with the Office of State Council's Intellectual Property Executive Conference.

At a joint news conference yesterday, the Intellectual Property Executive Conference, the State Copyright Bureau, the State Administration for Industry and Commerce, the Supreme People's Court and the Supreme People's Procuratorate reported on what they have done and what they plan to do to rein in illegal activities.

The government will continue its campaign against the piracy of audio, video and computer software products, as well as publications, Duan said.

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Imitations of trade marks, especially the big names, violations of patents and improper competitive practices will also be targets of a crackdown.

The country is adopting both legal and administrative measures to protect intellectual property rights.

The Supreme People's Court began setting up special intellectual property rights courts in 1993.

Such courts have been set up in Beijing, Shanghai, Guangzhou and other major cities.

Courts at all levels have dealt with 7,164 cases concerning intellectual property rights since 1986. Of the total, 2,169 involved copyrights, 831 trade marks, 2,518 patents and 1,646 other rights.

International cases have increased in recent years, said Huang Zongyi, spokesman for the Supreme People's Court.

On copyright violations, especially the piracy of compact discs an urgent notice, ratified by the State Council last November ordered all CD producers to use special symbols devised by the International Foundation of the Phonographic Industry to ensure the identification of products' sources.

A spot check in the Guangzhou Rixing Shopping Centre last September found more than 1 million pirated CDs, the largest number found at one time on the mainland, according to the news conference.

At the end of 1994, 160,000 trade marks had been registered in China, including 70,000 foreign ones.

The trade mark authorities have handled 140,000 cases of alleged trade mark infringement.

Copyright Registration System in Effect

OW1401094195 Beijing XINHUA in English 0910
GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—The first registration of a copyright by a Chinese citizen was made here early this week, signalling that a copyright registration system has formally gone into effect in China.

The "Trial of the Pirate" and four other works by young writer Wu Haimin have been recorded as the first five copyrighted books in the country.

At the registration ceremony, representatives of the State Copyright Bureau and the Beijing Copyright Bureau issued the copyright registration codes, and said that they would provide extensive protection for the works and would firmly prosecute any pirating activities.

Copyright logos will be printed on the five books, to be published by the Huayi Press.

State Council Official on IPR Law Enforcement

OW1701030895 Beijing XINHUA Domestic Service in Chinese 1358 GMT 16 Jan 95

[Interview with Duan Ruichun, director of the State Council IPR Working Conference Office, by reporter Yang Ning (2799 1337)—place and date not given]

[FBIS Translated Text] Beijing, 16 Jan (XINHUA)—In recent years, China has accelerated its pace in enacting laws to protect intellectual property [IPR] and has instituted a rather comprehensive IPR-related legal system initially conforming to international standards. Meanwhile, the government has achieved remarkable success in supervising enforcement of the IPR protection law and regulations and in cracking down on all forms of IPR infringements and lawless conduct.

Duan Ruichun, director of the State Council IPR Working Conference Office, today answered this reporter's questions on the enforcement of the IPR protection law in China.

[Yang] What are the priorities in IPR protection?

[Duan] The priorities are intensifying law enforcement, strengthening the sectors that implement and supervise the enforcement of the IPR protection law, cracking down on IPR infringements and other lawless conduct, and improving IPR management through combining investigation, crackdown, and control.

Special efforts will be directed at cracking down on piracy of audiovisual products, computer software, books, and magazines; on the counterfeiting and infringement of trademarks, especially trademarks of famous products; and on serious infringement of patent rights and unfair competition. Significant headway has already been made in these areas.

[Yang] What measures has China taken to crack down on copyright infringement?

[Duan] Cracking down on copyright infringement, especially the piracy of laser discs, is an important aspect in intensifying IPR protection. In the "Emergency Notice on Intensifying IPR Protection and Cracking Down on Copyright Infringement and Piracy" issued last November, the State Council General Office urged all departments and local authorities to immediately draw up IPR protection plans and take effective measures to crack down on all forms of IPR infringement, especially piracy of audiovisual products, such as laser discs, by plugging the source, exercising effective market control, and checking the manufacturers, markets, and retailers of these products. On this basis, the State Council requires all laser discs producers in the country to engrave source identification codes (SID codes) on their molds. Rules have been drawn up for registering contracts to produce foreign-made audiovisual products, for copyright certification, for licensing specialized operations, and for annual checking of operating licenses.

Some provinces and municipalities have organized business operators, managers, and other persons concerned to study the IPR protection law and regulations and certified their training after they passed the test. Because of these measures, the number of copyright infringements and piracy acts has declined noticeably.

[Yang] What requirements has the State Council IPR Working Conference set for enforcing the IPC protection law?

[Duan] The State Council IPR Working Conference requires that enforcement of the IPR protection law must be checked regularly, consistently, and effectively. At a recent national conference of persons in charge of IPR coordination and guidance, the working conference set forth the following requirements: 1) They must immediately draw up plans for conducting weekly inspection of law enforcement and report the inspection results every week; 2) All local governments are required to purify the market by cracking down on copyright piracy in areas under their jurisdiction; 3) All provinces must inspect and screen the local CD [compact disc] producers, including their products, licenses, and records of infringement; and report their checking results; 4) Laws and regulations relevant to IPR protection should be publicized, and personnel needed for the publicity project should be trained.

XINHUA Views Achievements in Fighting IPR Piracy

OW1601162895 Beijing XINHUA Domestic Service in Chinese 1346 GMT 16 Jan 95

[By Yang Ning (2799 1337)]

[FBIS Translated Text] Beijing, 16 (XINHUA)—In recent years, our country conscientiously tightened intellectual property rights [IPR] protection and has improved its IPR system. In particular, it intensified efforts to enforce IPR laws, firmly cracked down on various illegal acts of infringement, and promptly and effectively investigated and dealt with a host of IPR infringement cases, thereby bringing the nationwide IPR protection drive to a new stage.

To deal an effective blow to compact disk [CD] piracy and infringements, and to restore order in audiovisual product markets, the State Council last year promulgated the "Regulations on the Management of Audiovisual Products," thus placing the production, reproduction, importing, wholesaling, retailing, rental, and screening of audiovisual products on a unified and standardized footing. To plug the sources of piracy, the Press and Publication Administration and the relevant provincial and municipal administrative departments for audiovisual products began conducting inspections of production lines, and they screened, examined, and approved the registration of existing units engaged in the reproduction of CD's and laser disks and those engaged in the recording of original disks. Beginning on 1 April

1995, it is specified that all units that are registered without the Press and Publication Administration's approval may not reproduce and process CD's and laser disks. Acting on verified leads, the Press and Publication Administration and the relevant departments either suspended, for reorganization purposes, the operations of several factories that committed infringements, or they imposed fines on them. In December 1994, the Press and Publication Administration also organized CD producers around the country to engrave laser disk source identification codes (SID codes) on product molds. The codes can help identify the products of any factory, thus facilitating investigations of the market.

Besides fighting the piracy of audiovisual products, the state copyright department also actively investigated and dealt with piracy in other fields. The relevant departments also accepted complaints filed by foreign copyright owners with our country's copyright administrative organs in accordance with the International Convention on Copyrights and our country's relevant laws and regulations.

To further tighten the protection of exclusive rights to trademarks, our country amended the "Trademark Law" and its "implementation rules" in 1993. The amended Trademark Law significantly lent weight to the fight against illegal acts concerning trademarks. Industrial and commercial departments in various localities actively enforced the law and vigorously investigated and dealt with illegal and criminal acts such as the infringement of trademarks and the counterfeiting of registered trademarks. By the end of 1994, trademark administrative departments across the country had handled 140,000 trademark infringement cases, thereby effectively protecting Chinese trademarks and foreign trademarks registered in China. The move won widespread acclaim from people in whose names the trademarks were registered.

Meanwhile, our country's judicial organs also regarded the crackdown on crimes involving IPR infringements as an important task. They solved a large number of IPR infringement cases, shattered a number of criminal gangs and "dens," meted out stern punishment to criminals, recouped heavy economic losses incurred by the state and enterprises, and effectively protected the legitimate rights and interests of IPR holders at home and abroad. According to statistics, from January to November 1994, procuratorial organs across the country accepted and handled 2,270 IPR infringement cases, placed 1,365 cases on file for investigation, and recovered more than 59 million yuan in economic losses through the handling of such cases. From 1986 to November 1994, people's courts at all levels across the country accepted and heard 7,164 IPR-related cases. Through the hearing of these cases, people's courts effectively stopped infringements and protected the legitimate rights and interests of the parties concerned.

To crack down on criminal activities involving infringements and piracy, and to further tighten copyright protection, the Judicial Committee of the Supreme People's Court recently adopted the judicial interpretation of the applicability of the National People's Congress [NPC] Standing Committee's "Decision on Punishing the Crime of Infringing on Copyrights" following the introduction of amendments during several rounds of discussions based on the results of full investigations and study. Moreover, efforts to study and formulate the judicial interpretation of the applicability of the NPC Standing Committee's "Supplementary Provisions on Punishing the Crime of Counterfeiting Registered Trademarks" are being intensified. The interpretation will soon be submitted to the judicial committee for discussion, adoption, and promulgation for implementation.

'Firm' Attitude in Fighting Copyright Piracy Seen

HK1601073295 Beijing CHINA DAILY in English 16 Jan 95 p 4

[Article by Shen Rengan from the "Opinion" page: "China Firm in Fighting Piracy"]

[FBIS Transcribed Text] While improving legislation to reinforce intellectual property protection, China is willing to join hands with the international community to fight copyright piracy.

Since the late 1970s, China has made persistent efforts in intellectual property protection.

The nation's Copyright Law, which took effect on June 1, 1991, provided a legal basis for anti-piracy actions.

Since 1992, China has joined several world conventions on copyright protection, and has been co-operating with more than 130 countries worldwide in reciprocal protection.

Since copyrights are defined in strict accordance with the jurisdiction of corresponding legislations, laws of foreign countries are not applicable to China, nor are any world conventions unless endorsed by China. It is in this very sense that all use of foreign works by Chinese citizens or institutions did not constitute as illegal before June 1, 1991.

So legally, publication of foreign books or the use of foreign software in China before that date should not be regarded as piracy.

However, substantial changes have taken place since the beginning of the 1990s. The nation has reached agreements with more than 130 countries and regions on providing mutual protection for intellectual property.

According to my knowledge, copyright violators in China fall into two categories. Some of them have neither a sense of law nor the concept of the legal consequence of intellectual property violation. Others avail themselves of loopholes in the nation's infant

market system to rake in exorbitant profits. Violators in each of these categories have received severe punishments.

The Chinese Government has spared no efforts in cracking down on intellectual property piracy in recent years. In response to piracy of compact discs in some coastal cities of Southern China, seven government departments jointly issued an urgent circular demanding local governments to severely attack the piracy menace last April.

Two facilities producing compact discs in Zhejiang and Hainan provinces, and four lines in Guangdong have been put out of operation. In more than 10 provinces and cities in Central and East China, hundreds of thousands of pirated compact discs and video discs have been confiscated.

Problems in the book market have also been confronted. In the first half of 1994, 600,000 pirated books were confiscated in 23 provinces and cities nationwide.

Besides, the State Commission of Science and Technology has organized relevant departments to check piracies in the software market.

To strengthen the work of fighting piracy, China last year also enacted special regulations which spelt out criminal punishments for copyright violators.

The regulations, issued by the National People's Congress (NPC) last July, stipulated that criminals severely violating copyright may be sentenced to a maximum of seven years in jail as well as fining.

The regulations provide one more powerful arm for copyright owners and State authorities to fight intellectual property piracy.

With strict activities in checking and punishing cases, and extensively publicizing of such work, the criminal element of the public may well be deterred from involvement in copyright violation.

Piracy of works of literature and art have become worse worldwide in recent years as copy technologies became even advanced and transportation among countries and continents became more convenient.

Culprits in different countries sometimes collaborate to form international piracy groups, and their activities usually are well organized and of large scale.

To curb such illegal activities, co-operation among countries is imperative.

However, some countries, turning a blind eye to rampant intellectual property piracy in their own countries, persist in criticizing other nations. Some even adopt aggressive policies on their trade with other nations as revenge. Such methods have no mutual benefit. Consultation and co-operation are far more constructive.

Academic Views IPR Protection, U.S. Position*HK1701042795 Beijing CHINA DAILY in English 17 Jan 95 p 4*

[Article by Wang Yong from the "Opinion" page: "IPR Protection Is Higher Here Than Portrayed"]

[FBIS Transcribed Text] As US negotiators come down hard on China for the protection of intellectual property rights (IPR), they are advised to honour a truth: it is not the United States' stick that has set China on the course.

"Our commitment to IPR protection came about 15 years ago as a response to the call of the open-door policy and market-oriented economic reforms," said Guo Shoukang, a professor in the Law Department of the Beijing-based People's University.

"There was no outside pressure when we launched a working group on March 19, 1979, to draft China's Patent Law," he said. He was one of the crafters of the law that came out in the middle 1980s.

"It takes China just 15 years to complete its own IPR system, which is modelled on modern international systems. We protect foreign and domestic patents alike," Guo said.

President Jiang Zemin has reiterated that China will continue to improve its IPR protection system.

Arpad Bogsch, director general of the World Intellectual Property Organization, once wrote: "As to the solutions chosen (in the Chinese Patent Law), one can say that they seem to represent a collection of the wisest among the contemporary usual solutions."

Erich Haeusser, president of the Patent Office of Germany, said: "The Patent Law of the People's Republic of China is, in its range of application, a milestone for the century and undoubtedly ranks among the most important international legislative achievement of the last decades." He recognized that China enjoyed a high level of IPR protection.

China has agreed to protect patents in the pharmaceutical industry, while many countries including developed ones, do not.

It is nothing like what US negotiators have claimed—that China's protection level is low, and the implementation of laws is naught.

"China has stormed a number of pirators. Facts make US allegations flimsy," Guo said.

He said that among the 26 compact disc factories that the United States wants China to close, at least one is funded by American investors. Given this, one can see how ridiculous it is for the United States to insist that China undertake all the obligations in IPR protection, while the United States won't take any.

"We hope US negotiators could respect facts and negotiate with China on an equal footing in the next round of talks scheduled for tomorrow in Beijing," he said. "We should find a solution that both sides can accept. The United States cannot simply order China to do so-and-so."

During the last round of Beijing talks from December 12 to 15, US negotiators ordered China to revise its IPR law by 1996 in excess of the demand of the General Agreement on Tariffs and Trade.

The United States also asked China to cancel its overseas trademark agency system. "But even the Paris Convention (Article 2, paragraph 3) admits that such a system is an exclusion to national treatment," Guo said.

He said there are 17 such agencies in China that are locked in fierce competition. "The business is not monopolized by five agencies as claimed by US officials. In the future, we will have even more agencies."

The top US negotiator, Lee Sands, also sought to distort China's image by claiming that Chinese courts are bribed. The proof he provided is that Chinese courts have demanded cash from US patent-holders who file lawsuits against Chinese enterprises.

"It's a common international practice that a prosecutor has to provide a batch of money as a guarantee for losses of the defendant in case that the latter is proved clean," Guo said. "What we need in negotiations is respect for facts as well as mutual respect. We would not like to see conflicts. Nor would we bow to pressure."

"As far as I know, many people of vision will come to Beijing this time for the new round of talks. It is my hope and belief that they can help improve the Sino-US relations from a strategic perspective."

Guo said officials of the Recording Industry Association of America and the Motion Picture Association of America will be among those at the talks.

Crackdown on Compact Disc Piracy To Begin*OW1601131695 Beijing XINHUA in English 1254 GMT 16 Jan 95*

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—China is to launch a crackdown on compact disc (CD) piracy during the traditional Spring Festival, which falls January 31 this year, an official said here today.

Gao Linghan, of the State Copyright Administration, said five government organizations—his administration, the Administration for Industry and Commerce, the General Administration of Customs, the Ministry of Culture, and the Press and Publications Administration, have jointly made such a decision.

As the first step, the authorities early this month sent a high-level group to the Guangdong Province in booming South China to gather evidence, Gao said.

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The campaign will also be aimed at examining CD production lines, Gao said, adding that reproduction firms should be re-registered by the Press and Publication Administration before April 1, 1995, or they will not get the approval to open business.

China last year confiscated 2.2 million pirated CDs.

The biggest raid took place at the Rixing Shopping Center in Guangzhou, capital of Guangdong. About one million pirated discs were seized in just four hours, Gao said.

The official also revealed that, starting last month, all China-made CDs must carry a source identification mark (SID) or they might be accused of piracy.

Moreover, China is negotiating with the U.S. Film Market Association to properly identify the sources of American copyrights, Gao said, adding that similar contracts signed with the International Federation of the Phonograph Industry and Hong Kong Film Association have gone into full effect.

Shenzhen Factories Continue To Produce 'Pirated' CDs

HK1601044595 Hong Kong EASTERN EXPRESS in English 16 Jan 95 p 1

[By staff reporter]

[FBIS Transcribed Text] As China fights to stave off United States threats of trade sanctions over intellectual property rights, Eastern Express can reveal that Hong Kong-owned factories are churning out millions of pirated compact discs [CDs] in the border city of Shenzhen.

We visited two factories in the special economic zone on Saturday to find the illegal businesses operating as normal, with one even retailing its stock of unauthorised music and video discs in a streetfront showroom. And in the bustling streets outside, stalls and shops continue to sell similar products, plus CD-Rom computer software discs.

The US warned China last month that unless significant progress is made in attempts to shut down the burgeoning illicit industry by February 4, the US\$2.8 billion (HK\$21.8bn) in annual imports from the mainland will be slashed by US\$1bn. China has lobbied frantically to avert the threat of sanctions and is presently discussing the matter with a US delegation in Beijing.

The factories visited by Eastern Express were two of at least 10 in the special economic zones of Shenzhen, Zhuhai in Guangdong, and of 29 across the country, producing bootleg music, film and computer discs.

Shen Fei Laser Optical Systems Company, based in a 10-storey complex on Fourth Bagua Road on the outskirts of Shenzhen, was established in October 1991 and has a production capacity of more than two million discs

a year. Shen Fei officers, speaking to a reporter posing as a customer, claimed that the company had copyright agreements with music giants PolyGram Records and Philips, and said both had granted it licences to produce discs in China. But movie discs on sale at the firm's ground-floor showroom carried only local labels with no indication of copyright or licences and no reference to producers or distributors. The discs included Hollywood hits such as *Never Say Never Again* and *Terminator II*, and Hong Kong favourites like *Operation Condor*.

The showroom salesman, while insisting all discs were authorised copies, warned that discs should not be brought across the border because of "some problems about copyright". The factory's entrance was guarded by four security officers, who refused entry to strangers and refused to provide telephone numbers for managers.

In another section of the city, Zhongqiao Laser Company was closed for the day, but it is understood the Seventh Building, Sha Tou Jiao, factory has been operating with a similar production capacity to Shen Fei and is part-owned by a Hong Kong firm.

Shenzhen Stores Continue To Sell Pirated CDs

HK1601050695 Hong Kong EASTERN EXPRESS in English 16 Jan 95 p 2

[By staff reporter]

[FBIS Transcribed Text] Shops selling pirated compact discs [CDs] in Shenzhen remained open for business last week despite the approach of the United States trade sanctions deadline and public exposure of the stores in Eastern Express two weeks ago.

This newspaper identified four shops selling unauthorised copies of CDs, and all but one continued to trade at the weekend. An unnamed shop near the Nanguo Cinema, Nanhu Road, had "closed temporarily for internal decorations", a window notice explained. But disc business was still brisk in the other three shops—the Zhenlong Shop, on Renmin Road South, a Post and Telegraph Office's newsstand next to King Wu Hotel in Renmin Road South and the Saige Industry Building's ground floor store in Huaqiang Road North.

The Zhenlong Shop displayed more pirated CD-Rom computer software, including an American game *The Terminator*, all at 60 renminbi (HK\$54). Elsewhere in the Saige Industry Building's ground floor, four other counters sold pirated CDs. Their main business was in computer accessories and audio equipment. They only cautiously sold unauthorised discs. Each counter had only one box of pirated discs and that was hidden below a counter until requested by clients. These counters appeared to supply other retailers as some customers purchased dozens of copies of the same discs at \$8 each, apparently for resale in the railway station precinct where they sell for \$13. However, Shenzhen authorities have taken some action against pirate disc retailers with most of the computer counters at Shenzhen Science and

Technology Market, on the first floor of the Huaken Building, Haufa Road South, forced to close by frequent police patrols and raids. But one counter at the market's entrance continued to sell unauthorized copies of popular computer software titles, the stallholder hiding discs at the approach of police. A customer said more counters opened there at night.

Only two hawker stalls selling pirated CDs along the street outside the Lo Wu border crossing building remained open last week, but at the checkpoint entrance one played its pirated discs so loudly that they could be heard on the Hong Kong side. Another disc stall was found inside the checkpoint building, playing pirated music to passing travellers and border officials.

Guangdong Acts on Audio-Visual Product Piracy

HK1601075395 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1008 GMT 15 Jan 95

[FBIS Translated Text] Guangzhou, 15 Jan (ZHONGGUO TONGXUN SHE)—Guangdong has taken quick action to implement the Urgent Circular on Strengthening Protection of Intellectual Property Rights and Checking Copyright Violation Piracy Activities, which was issued by the General Office of the State Council. Between 10 and 12 January, large-scale action was taken across the whole province to search and confiscate pirate compact discs and laser discs. During the three days, over 54,000 pirate compact discs, over 1,500 pirate video laser discs, and a number of pirate audio and video tapes were confiscated in cities at and above the prefectural level.

On 6 January, the provincial party committee and provincial government of Guangdong held a special meeting to make arrangements across the board, and all cities at and above the prefectural level also held meetings attended by responsible officials from social and cultural administrative departments in subordinate counties and districts to arrange actions to search for and confiscate pirate audio and video discs. The shock tactics used in this latest action caught traders in these illegal businesses completely unprepared, and they could not hide their stocks of pirate discs when the inspectors came.

Guangdong Cracks Down on Copyright Offenders

HK1701145195 Hong Kong Television Broadcasts Limited in English 1200 GMT 17 Jan 95

[From the "News at 8:00" program]

[FBIS Transcribed Text] China and the United States will begin a new round of copyright talks in Beijing tomorrow against the backdrop of a threatened trade war. Chinese authorities have recently highlighted antipiracy campaigns in the state-controlled media to refute U.S. charges that they are lax in imposing copyright and patent laws. In Guangdong Province alone, 20 factories were ordered to close down because of copyright piracy. Linda Lee reports:

[Begin recording] [Lee] Not only foreign goods but also hot-selling items originating from China are being copied just as quickly by others who try to make a quick profit. Guangdong is one of the Chinese provinces with serious problems protecting intellectual property rights. Just like this factory in the outskirts of Guangzhou which makes sterilized cabinets. It is now suing 20 companies for illegally copying its products.

Even though this company was one of the first in China to patent its products, the owner admitted they had little faith in the system at the beginning. He has now hired a lawyer to look after the company's patent rights and is happy that the authorities are stepping up efforts to enforce copyright and patent laws. Just last month, the Chinese authorities stopped production at the 20 factories being sued. The highly publicized move served not only a public education purpose but was also seen as an attempt to rebut recent U.S. criticism. The United States blamed China for not enforcing intellectual property rights laws and has threatened trade sanctions against almost \$3-billion worth of Chinese imports.

Wan Xu, a mainland lawyer specializing in protection of intellectual property rights says, unfortunately, prosecution seems to be the most effective means to raise awareness.

[Wan Xu, in Mandarin with English subtitles—translated from the Mandarin] Very often, its only after they have been sued that they realize there is a thing called patent rights. So, next time when they manufacture a product, those enterprises which have been sued would know they should first check whether or not the product is protected.

[Lee] A senior patent official said they would launch an operation during Chinese New Year to further crack down pirated laser discs. All laser disc manufacturers must register with the State Press and Publications Administration before the 1st of April. Linda Lee, TVB News, Guangzhou. [end recording]

Col: nn on Development of IPR Protection

Part I

HK1701091295 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 5 Jan 95 p 3

["Intellectual Property Rights in China" column edited by Qi Xin (7871 2946): "Course of Development of Intellectual Property Rights Protection in China (Part One of Two)"—first three paragraphs by Qi Nin]

[FBIS Translated Text] [Editor's Note] Entering the 1990's, China, in order to develop the socialist market economy and perfect the socialist legal system, has taken a big step forward in the area of the legal system on intellectual property rights. At present, the legal system is basically sound, the judicial, administrative and law enforcement systems are operating effectively, and the implementation of the law is also improving continuously.

In order to let the people of the world better understand China's great efforts in the protection of intellectual property rights, we have summed up the relevant materials for an overall and objective description of intellectual property rights protection in China.

Thanks go to the State Council's Office for Meetings on Intellectual Property Right Work for its support. [end editor's note]

I. China's Legislation Concerning Intellectual Property Rights

1. Following prevailing international practice and taking into account the actual conditions of reform, opening up, and development in the country, China has taken the following steps in legislation:

i. In September 1992, important amendments were made to the Patent Law, enabling China's standard of patent protection to match international standards and basically match the "Agreement on Trade-Related Intellectual Property Rights" reached by the GATT:

- Expanded the domain of patent protection and, without exception, granted patent protection to all inventions in technological domains including medicine, chemicals, food, drinks, and flavorings, whether it is a product or a method;
- Extended the protection period for inventions from 15 years beginning on the application date to 20 years beginning on the application date and extending the period of protection for applied new patents and design patents from five years beginning on the application date to 10 years beginning on the application date;
- Further strengthened protection of patents. Apart from extending the protection of patented methods to products directly obtained by the patented method, it was also made clear that the owner of the patent has import rights;
- Set new rules on conditions for implementing compulsory permission for patents.

2. Amended the Trademark Law and its implementation procedures (in February 1993) to earnestly protect the exclusive rights of registered trademarks. The amended Trademark Law is as follows:

- Expanded the domain of trademark protection. Other than goods trademarks, protection was made available to service trademarks;
- After nominal examinations, correction procedures were added; in substantive examinations, we established a system of suggestions regarding examinations to provide convenience to trademark applicants.
- Strengthened means of law enforcement among industrial and commercial administration and management

departments. When commercial and industrial administration and management departments investigate cases of infringement upon exclusive rights to trademarks and ask for certificates, they may exercise the following powers: Question the persons involved, inspect those goods that are related to rights violations and order the sealing and storage of goods when necessary, investigate behavior that is related to infringement activities, and examine and copy business materials such as contracts and accounts related to the infringement. The industrial and commercial administration and management departments may also take the following measures against behavior, which infringes upon rights: Order immediate halt to sales, collect and destroy fake logos of the trademark being infringed upon, remove logos from existing goods involved in the infringement, confiscate molding machines, printing machines, and other tools directly used specifically to infringe upon trademark rights, and, if the aforesaid four measures are unable to stop the infringement or when it is difficult to separate the infringed trademark from the goods involved in the infringement, the authorities may order the destruction of the goods and supervise this destruction.

3. The National People's Congress [NPC] Standing Committee has promulgated the "Supplementary Regulations on Punishing Crimes in Counterfeit Registered Trademarks" to further strengthen the protection of exclusive trademark rights in the following two areas:

- Expanded the scope of crimes in violation of exclusive registered trademark rights, as well as the domain of crime involving counterfeit registered trademarks in order to be more conducive to protecting the legitimate interests of owners of exclusive rights to registered trademarks. The law says that the domain of the main body of crime has been expanded from "personnel who have direct responsibility for industrial and commercial enterprises" to any natural person aged 16 or above, or any enterprise or business unit.
- Increased the legal responsibility of persons who infringe upon rights and increased the weight of the crackdown. The maximum penalty for a person who commits a crime involving false registered trademarks has increased from three years to seven years, and a fine may also be collected. The fine has increased from 20 percent or less of the illegal turnover or twice or less the profit earned from rights infringement to 50 percent or less of the illegal turnover or five times or less of the profit earned from the infringement.

4. Formulated the "Copyright Law" and its implementation procedure (September 1990) to protect according to the law copyrights and related interests of written works, oral works, music, opera, song, dance, art, photographic works, movies, television, video works, engineering designs, product designs and their pictures,

instructions, maps, and sketch map, as well as promulgating the "Computer Software Protection Regulations" and concrete methods for protecting computer software.

5. Promulgated the "Regulations on Implementing International Copyright Conventions" (September 1992), which give concrete stipulations on protecting the rights and interests of foreign copyright owners who are entitled to them according to international treaties; they also clearly specify that foreign computer programs should be protected as written works, which do not have to go through registration formalities, and the protection period is 50 years from the end of the year when the program is first published.

6. The NPC Standing Committee's "Decision on Punishing Crimes of Copyright Infringement" (July 1994) stipulated that lawbreakers who seriously infringe upon other people's copyrights and the interests related to those copyrights for the purpose of making profit may be sentenced to a maximum prison term of seven years, detention for labor, fined, or fined as well as receiving a prison term.

7. Promulgated the "Regulations on Protecting and Administering Drugs" (December 1992) and the "Regulations on Protecting and Administering Chemical Materials and Products for Agricultural Use" (December 1992) to provide administrative protection for a period of seven years and six months to foreign drugs and chemical materials and products for agricultural use if they meet the conditions listed below:

- Its exclusive right was not protected according to the regulations of China's Patent Law before 1 January 1993.
- In the period from 1 January 1986 to 1 January 1993, exclusive rights were obtained, which banned other people from making, using, or selling the product in the applicant's country;
- The product has not yet been sold in China on the date when the application for administrative protection is filed.

8. Formulated the "Law Against Undue Competition" (September 1993) to earnestly protect commercial secrets. We have adopted a definition of a commercial secret which is commonly used in the international community, that is, technological and operational information which is not known to the public, which can bring economic interests to its owner, which has an applied nature, and which has gone through measures adopted by the owner to keep it secret. With reference to the following activities which infringe upon commercial secrets, supervisory and inspection departments should order the persons to halt the infringement and may fine them 10,000 to 200,000 yuan.

- Obtain commercial secrets that belong to an owner by theft, promise of gain, force, or other undue means;

- Disclose, use, or allow other people to use a commercial secret belonging to an owner that has been obtained by the means mentioned above;

- Violate agreements or violate the owner's demand to keep commercial secrets and disclose, use, or allow other people to use such commercial secrets.

- When a third person, who knows or ought to know that the above-mentioned behavior is against the law, obtains, uses, or discloses another person's commercial secrets, this person will be viewed as infringing upon commercial secret and should shoulder the corresponding legal responsibility.

2. The Chinese Government has actively joined a series of international treaties on the protection of intellectual property rights. In 1992, it joined the "Bern Convention on the Protection of Literature and Art Works" and the "World Copyright Convention"; in 1993, it joined the "Convention To Protect Manufacturers of Audio Products From Preventing Unauthorized Copying of Their Products"; and in 1994 it joined the "Patent Cooperation Treaty." Both China and the United States are signatories to the important international conventions and treaties mentioned above. By the 1980's, China had already joined the World Intellectual Property Organization, the "Paris Convention on the Protection of Industrial Property Rights," the "Treaty on Protection of Intellectual Property Rights in Integrated Circuits," and the "Madrid Agreement on the International Registration of Trademarks."

Part II

HK1701093595 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 6 Jan 95 p 3

[Intellectual Property Rights in China" column edited by Qi Xi: "Course of Development of Protecting Intellectual Property Rights in China (Part Two of Two)"]

[FBIS Translated Text] I. Law Enforcement Concerning Intellectual Property Rights

1. China has already established an effective system of law enforcement concerning intellectual property rights, including the following areas:

i. China has established a method of judicial protection for intellectual property rights:

- Any citizen, legal person, and organization (including foreigners who own the rights) enjoying intellectual property rights in China may file a lawsuit in a people's court when their interests are infringed upon, and they can obtain earnest and effective judicial protection. The people's courts exercise judicial powers independently and according to the law and are free from interference by any other administrative organ, social group, or individual.

—In response to actual needs, established and perfected the organization for hearing intellectual property rights cases. The people's courts in major cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Fuzhou, Haikou, Changsha, Wuhan, and Nanjing have already established adjudication divisions to hear intellectual property rights cases or collegiate benches which are specifically for hearing those cases to ensure the unified nature of law enforcement concerning intellectual property rights.

—According to China's laws and the relevant international conventions which China has joined or concluded, the people's courts in China promptly handle cases of intellectual property rights involving foreigners and earnestly protect the legitimate interests of foreigners who are the owners of the intellectual property rights.

2) Methods of administrative protection of intellectual property rights in China:

—The State Patent Office is the department under the State Council responsible for supervising patent work in the whole country. According to the provisions of the Patent Law, the relevant department-in-charge under the State Council, or patent management organs established by local people's governments, are responsible for guiding and coordinating patent work among localities and departments, mediating patent disputes, and investigating and handling activities involving false patents.

—According to the provisions of the Copyright Law, the State Copyright Administration and local copyright administration organs are responsible for copyright administration work, including computer software and audio visual products.

—According to the provisions of the Trademark Law, trademark management follows the principle of centralized registration in the central government and level-by-level management in the localities, and industrial and commercial administration bureaus at the central, provincial, municipal, prefectural, and county levels have all established trademark management organs. The State Administration of Industry and Commerce supervises trademark registration work in the whole country, investigates cases of false trademarks and trademark infringements according to the law, manages contracts allowing use of trademarks and the printing of trademarks, handles cases of administrative reconsideration of trademark infringement, and recognizes famous trademarks.

The State Administration of Industry and Commerce is one of the major administrative and law enforcement organs handling unfair competition; it supervises and inspects transactions by market operators, prevents unfair competition, and investigates infringements of commercial secrets according to the law or after being authorized.

2. In July 1994, the Chinese Government instituted a system of work meetings on intellectual property right in the State Council to study and coordinate the relevant work in intellectual property rights throughout the country.

The State Council's Work Meetings on Intellectual Property Rights are attended by establishments such as the State Science and Technology Commission, the Ministry of Foreign Trade and Economic Cooperation, the Ministry of Foreign Affairs, the State Press and Publications Administration, the Ministry of Radio, Film and Television, the Ministry of Justice, the Ministry of Public Security, the State Patent Bureau, the State Copyright Administration, the State Administration of Industry and Commerce, the General Administration of Customs, and the relevant industrial management departments. The main duties of the State Council's Work Meetings on Intellectual Property Rights are:

—Coordinate, study, and decide major policies and objectives in strengthening protection of intellectual property rights and coordinating the comprehensive trans-regional and trans-departmental management of intellectual property rights;

—Inspect the situation of the implementation of laws and regulations on intellectual property rights and organize and supervise relevant departments and localities to crack down on, investigate, and handle activities which seriously violate intellectual property rights;

—Urge and organize the relevant units to strengthen propaganda and educational work in popularizing laws on intellectual property rights, foster a sense of intellectual property rights protection among people in the whole country, and improve the quality of management and law enforcement among leading cadres, law enforcers, and management personnel at various levels.

The State Council's Work Meetings on Intellectual Property Rights have established an office in the State Science and Technology Commission to prepare for and handle various daily matters.

Up to now, the people's governments in Chinese provinces, municipalities, and autonomous regions, as well as the center cities [zhong xin cheng shi 0022 :800 1004 1579], have established their own intellectual property rights coordination and command organs or corresponding work systems. They have also established routine work offices to organize the relevant units in their localities to strengthen supervision, inspection, and guidance in the implementation of laws on intellectual property rights. Those localities which have already established organizations of this kind include: Beijing Municipality, Shanghai Municipality, Tianjin Municipality, Liaoning Province, Jilin Province, Heilongjiang Province, Hebei Province, Sichuan Province, Hainan Province, Anhui Province, Guangdong Province,

Jiangsu Province, Zhejiang Province, Ningxia Hui Autonomous Region, Chongqing City, Nantong City, Shenzhen City, Xiamen City, Hunan Province, Guangxi Zhang Autonomous Region, Qinghai Province, and Gansu Province.

3. In July 1994, the State Council promulgated the "Decision on Further Strengthening Work in Protecting Intellectual Property Rights," which demands:

- The department in charge within the State Council and the relevant administrative and law enforcement departments should closely coordinate and increase the strength of law enforcement so as to form a unified and coordinated system for protecting intellectual property rights.
 - Build a mechanism which integrates routine supervision of law enforcement concerning intellectual property rights and the inspection of key areas. The State Council's Office for Work Meetings on Intellectual Property Rights will, on an irregular basis, organize various IPR management and law enforcement departments and departments in charge of science, technology, economy, culture, news, publication, broadcast, film, television, and public security to carry out joint inspections of the situation in the implementation of the IPR laws in various localities and departments.
 - Expedite legislation for customs department to protect intellectual property rights at the border and prevent imports and exports of products which violate intellectual property rights.
 - Launch nationwide training and educational activities in the protection of intellectual property rights. Mass media should strengthen propaganda on intellectual property right.
 - Promote the building of a legal service organization for intellectual property rights to provide owners of intellectual property rights with collectivized legal services.
4. Before the implementation of the laws on protecting intellectual property rights at the border, China's customs departments had already taken provisional measures to further strengthen the work in protecting the entry and exit of intellectual property rights. These measures mainly include:
- Forbidding imports and exports of goods which violate intellectual property rights;
 - Allowing the owners of intellectual property rights who are protected by China's laws to report to the customs department when they discover that imports or exports of goods which violate their intellectual property rights are imminent;
 - If necessary, customs departments may request the sender and addressee of the goods to show legal proof

of their use of the relevant intellectual property rights and to declare additional information to customs department;

- When importing and exporting compact discs and laser discs, and when importing mold plates and materials for processing compact discs and laser discs, the state's relevant regulations should be followed and customs clearance must be performed with approval documents issued by the audio visual products management department. Regarding the import and export of compact discs and laser discs and related raw materials by enterprises which have been ordered by intellectual property rights management department to stop the copying business, customs departments should stop performing formalities in their keeping of relevant files on processing trade contracts, as well as declaration and clearance procedures for goods;
- If the sender or addressee of imports and exports violates the regulations, declares false information on intellectual property rights relating to the goods, evades supervision by customs departments, and smuggle into the country goods which violate intellectual property rights, customs department may handle them according to the provisions of the "PRC Customs Law Administrative Punishment Implementation Procedure." Pirated or smuggled compact discs and laser discs confiscated according to law by the customs department will be destroyed.

SID Code System To Protect Against CD Piracy

HK1501081795 Beijing GUOJI SHANGBAO in Chinese
5 Jan 95 p 1

[By correspondent Shi Zhu (4258 2691): "China Introduces a SID Code System for Compact Discs as New Measure To Fight Copyright Piracy"]

[FBIS Translated Text] This reporter has learned from the departments concerned that effective mid-December 1994, all compact discs manufactured by China will be fitted with a Source Identification Digital (SID) code. From now on, domestically manufactured CDs [compact discs] without an SID code will be investigated and dealt with as illegal publications.

An SID code is made up of four digits, the first two standing for the manufacturer's name, the last two for models. Each CD manufacturer will be assigned a code, which will be engraved in a designated position on the CD casting mold. With SID code technology, patent holders can easily track down CD pirates or copying factories.

The SID code is the latest technological means against copying from the International Music Industry Association, and is seen as one of the best means against the piracy of minigroove discs. Over 100 CD manufacturers around the world have adopted the technology.

Applying the SID code system to all CD production factories shows our government's determination to crack down firmly on pirating and to protect intellectual property rights.

Beijing To 'Efficiently Utilize' Foreign Investment

HK1301084095 Beijing CHINA DAILY in English 13 Jan 95 p 5

[By Hong Xia: "Beijing Courts Overseas Capital"]

[FBIS Transcribed Text] Beijing will efficiently utilize foreign investment to accelerate the city's economic development and urban construction this year.

Large- and medium-sized projects will become the focus in employing overseas capital, said Zhang Xuequn, spokesman of Beijing Foreign Economic Relations and Trade Commission.

And more funds will be used for the renovation of State large- and medium-sized enterprises.

Besides, construction of the city's infrastructure high tech and service industries are the most needed investment sectors.

This year, Beijing plans to approve 1,000 foreign-funded enterprises and utilize \$1.2 billion in overseas funds.

More than 20 transnational and well-known companies will be asked to invest in the capital.

To improve investment conditions, Beijing will promulgate more laws and regulations concerning foreign economic relations, Zhang said.

It will raise the efficiency in examining and approving foreign firms.

A computerized foreign-funded project bank will also be set up after a feasibility study.

The bank will show foreigners how much funds, and what kinds of technologies and equipment, are needed in the projects.

Besides Japan, the United States, Western Europe, Hong Kong, and Macao, Beijing will expand overseas trade with Russia, Eastern Europe, and its bordering countries and regions.

Last year, foreign trade volume was more than \$4 billion, up 31.9 percent over 1993.

To extend economic cooperation and trade contacts between Beijing and other parts of the world, the city will hold the 26th Annual Conference of the World Trade Centre Association in October.

More than 1,000 representatives from 260 cities around the world will take part in the conference during which exhibitions and business talks are arranged.

Last year, Beijing made much headway in enhancing foreign economic relations and trade.

The capital city last year approved 2,675 foreign-funded enterprises, with promised foreign funds of \$4.53 billion.

So far, Beijing has established 10,196 foreign-funded enterprises involving \$14.7 billion of promised foreign funds.

Beijing so far has attracted investment from 182 world-famous companies, of which more than 60 are among the world's top 500.

Foreign firms have played a significant role in spurring the city's economic growth.

In the first 11 months of last year, 1,013 foreign enterprises went into operation. This is up 25 percent over the same period of 1993.

Foreign Investment Decreases in 1994

HK1501075195 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 1

["News Analysis," by Wang Yong: "Foreign Capital Changing Shape"]

[FBIS Transcribed Text] In the wake of drastic ups and downs in the past four years, foreign direct investment in China is predicted to assume a more mature course in 1995.

Accustomed to news of investment booms throughout the 1991-93 period, Chinese officials were initially caught off guard when the number of new contracts signed by foreign investors declined for the first time last year.

Incomplete statistics from the Ministry of Foreign Trade and Economic Co-operation (Moftec) put total contractual investment from overseas at some \$69 billion last year, much smaller than the upwards of \$100 billion figure of 1993.

Pledged investment from overseas was to be channeled into more than 40,000 new projects approved throughout 1994, the ministry said. But in 1993, more than 80,000 new projects involving foreign investment were approved by China.

If the sudden fall in contracts spells something ominous, a slight increase in the volume of actual foreign investment sounds pleasant to the ear of Chinese officials.

About \$28.8 billion worth of foreign capital was actually used last year, well ahead of the \$26 billion in 1993 when China was already the second-largest target of international investment following the United States.

A proper perspective on prospects for foreign investment this year begins with a close look at the contradiction of reduced contracts versus increased actual input.

The foreign investment boom during the 1991-93 period, especially in 1993, was primarily led by heated speculation in real estate.

Moftec figures show that among the 83,437 new projects approved in 1993, almost 11,400 were real estate business involving \$44.5 billion in committed foreign capital.

Though some of that investment went to industrial development, as encouraged by the State, a large chunk ended up in building super-luxurious office complexes or villas far exceeding the purchasing power of most Chinese.

Moreover, many investors from Hong Kong and some other countries and regions engaged in sheer speculative activities that led to a price surge in the sector, dealing a rippling wave on China's inflation.

That speculation, however, bore the brunt of a package of macroeconomic control measures China adopted since the beginning of last year.

At the centre of the package is a tight monetary policy that reined in credit for any speculative investment use. Hence a drastic downward spiral in pledged foreign investment in the sector.

All in all, the slump in foreign investment contracts is a natural economic phenomenon or, at minimum, the inevitable byproduct of reconfiguration.

"If China embraced every kind of foreign investment, sometimes in an unblinking way during the past 15 years, it chooses now to be more selective," a senior Moftec official says.

Now the centre of gravity has shifted to overseas investors who have long-term commitment in key sectors in China.

Already, investors in this category have increased their stakes in China since last year. US-based General Electric, Germany's Siemens and a dozen other transnational corporations from Europe and Japan received approval from the Chinese Government to set up holding companies in China. It was these firms that pushed up the level of actual investment last year.

And the transnationals tend to be less dependent on financial support from Chinese partners increasingly under strict central credit controls.

US chemical giant DuPont, for one, says it can arrange all capital needed for any project it launches in China.

Moftec figures reveal that foreign investment actually paid to a single project last year was about \$1.8 million on average, up from \$1.4 million in the previous year.

Beijing on New Focus for Overseas Funds

OW1401001295 Beijing XINHUA in English 1730
GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (XINHUA/OANA) [dateline as received]—Overseas investment in Beijing this year will be focused on enhancing the city's

pillar industrial sectors—the automobile, electronics and new building materials industries, said Yi Xiqun, director of the Municipal Economic and Trade Commission.

He said that overseas funds will also be channeled into the city to improve its infrastructure, upgrade obsolete houses, strengthen agricultural and sideline processing and develop the service trades.

In this way, the attraction of overseas funds can be put together with the readjustment of the city's industrial pattern.

Overseas businessmen will be encouraged to start high-tech businesses in the Beijing Economic and Technological Development Zone and the Beijing New- and High-Tech Industrial Experimental Zone, Yi said.

Meanwhile, the city will continue to use foreign funds to revitalize its large and medium-sized state enterprises, he added.

Last year, the municipal government approved the setting up of 2,675 overseas-funded enterprises with 4.53 billion US dollars from overseas investors, making the total number of overseas-funded firms surpass 10,000.

More than 20 of the 500 biggest companies in the world set up firms in Beijing last year. That means that now there are 174 projects involving at least 10 million U.S. dollars of investment each.

This year the city plans to approve another 1,000 overseas-funded enterprises and absorb 1.2 billion US dollars of foreign funds.

Beijing Notaries Deal With Overseas Partners

OW1401023195 Beijing XINHUA in English 0213
GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—Notary offices in the Chinese capital are dealing with a growing number of cases involving overseas partners or investment as a result of more local people going abroad and an increased flow of overseas investment, according to the Beijing Public Notary Association.

The association has disclosed the fact that between 1991 and 1994, a total of 339,150 such cases were handled in Beijing, 3.1 times of the figure of the 1987-1990 period.

These cases cover an entire range of affairs from the mundane to the global, including international bidding, destroying outdated, shoddy, and fake commodities, overseas engineering projects, starting of businesses, export of labor, patent applications, international loans, technical cooperation, foreign trade, and economic compensation.

At present, there are 10 notary offices here specializing in overseas business. They provide dozens of kinds of

business services and have sent notarial documents to over 140 countries and territories.

The Beijing Municipal Notary Office alone handled 3,844 cases concerning overseas partners over the past four years.

Foreign Trade Surplus Recorded in 1994

HK1501033295 Beijing CHINA DAILY in English 14 Jan 95 p 5

[By Wang Yong: "China Gains \$5.3b (billion) From '94 Foreign Trade"]

[FBIS Transcribed Text] China last year pocketed a foreign trade surplus of \$5.3 billion, a sharp contrast to a deficit of \$12.2 billion in 1993.

Latest figures released from the General Administration of Customs put the nation's exports last year at \$121 billion, up 31.9 per cent over 1993.

Imports grew at a slower rate of 11.2 per cent to \$115.7 billion.

The combined foreign trade volume of \$236.7 billion, an increase of 20.9 per cent over the previous year, accounted for more than 45 per cent of China's gross domestic product.

Customs officials attributed the export boom to a new foreign trade regime introduced at the beginning of last year, which devalued yuan and allowed State trading companies easier access to foreign exchanges.

But officials from the Ministry of Foreign Trade and Economic Co-operation (Moftec) cautioned that exports are likely to lose some strength this year as the yuan is expected to appreciate steadily and inflation continues to bite.

"On the contrary, imports are about to gain steam to support the sustainable growth of our national economy," Moftec officials said.

China saw an import boom from 1991 to 1993, which was fueled by an unchecked expansion of investment in fixed assets.

But imports of major items such as steel, oil products and sedans plummeted last year from a large base in 1993.

Customs said China last year purchased 22.83 million tons of steel, down 24.3 per cent from the previous year.

The import of oil products dropped 25.2 per cent to 12.89 million tons, and that of sedans dropped 51.3 per cent to 35,000 units.

The import of finished products also witnessed a slower growth rate of 10.5 per cent. The volume of this sector reached \$99.22 billion, making up 85.8 per cent of the nation's total imports, down from 86.3 per cent in 1993.

"The import growth last year was backed mainly by high domestic demand for power and transport equipment, raw cotton and telecommunications facilities," customs officials said.

For example, the import of paper pulp grew 56.7 per cent to 810,000 tons and that of raw cotton surged to 500,000 tons from 10,000 tons in 1993.

Imports in these sectors are set to stay on the roller coaster in the next few years to sustain an expected annual growth rate of 8 per cent to 9 per cent for the national economy.

Moftec officials predicted China's imports and exports will grow in a more balanced way this year.

Export growth last year was fueled by a strong performance in machinery and electronics sectors and in State trading companies.

Custom's figures show altogether \$101.33 billion worth of finished industrial products were exported last year, up 34.9 per cent.

In particular, the export of machinery and electronic products surged 40.9 per cent to \$32 billion.

Foreign-funded enterprises exported \$34.71 billion worth of products, up 37.6 per cent.

Guidelines for Foreign Investors Available 'Soon'

HK1501061395 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 1

[By Gao Bianhua: "Investors Guidelines Forthcoming"]

[FBIS Transcribed Text] Soon to be published guidelines for foreign investors should improve the country's investment climate and help boost overseas fund inflow, a senior researcher told Business Weekly.

Such guidelines "are very important for foreign investors (who) attach much importance to the clarity of a country's investment policy," said Zhang Xiaoji, deputy director of the Foreign Economic Relation Department at the Development Research Centre.

The centre is a think tank of the State Council, China's cabinet.

The guidelines are expected to be published soon by the State Planning Commission and other governmental departments.

Zhang expects the industrial policy for foreign investment to take account of regional differences.

In economically advanced coastal areas where labour costs are relatively higher than those in the interior, efforts should be made to develop high-tech and export-oriented industries and high-value-added products.

Foreign-funded, labour-intensive projects should be gradually transferred to less-developed central and western areas.

Zhang added that the proportion of projects restricted from foreign investors will fall gradually as the nation progressively opens its market, especially in service sectors.

So far, foreign funds have been opened to the commerce, finance and aviation sectors, which were closed in the past.

Zhang noted that sectors encouraged or limited in the investment guidelines should be "as specific as possible."

According to the general strategy of using foreign investment, China will encourage foreign businesses to invest in such sectors as agricultural technology development, infrastructure, energy, transportation, raw materials, machinery and electronics, petrochemicals, automobile manufacturing, the building industry as well as high-technology-content and export-oriented projects.

The government will provide necessary policy support to these sectors and projects by means of credit granting, tax abatement, market opening and foreign exchange reform, according to Zhang.

But investors are not encouraged to inject capital into projects for which domestic companies have already introduced technology from abroad and are able to produce products surpassing domestic demand.

Foreign Investors Invest More in Pudong

OW1301095595 Beijing XINHUA in English 0703 GMT 13 Jan 95

[FBIS Transcribed Text] Shanghai, January 13 (XINHUA)—Foreign companies became involved in more high-tech, financial, and trade projects in the Pudong New Area in Shanghai in 1994.

An official of the area's Economic and Trade Bureau said that they had approved 1,035 foreign-funded companies in 1994, involving 3.8 billion U.S. dollars in total overseas investment—up nearly 22 percent from the previous year.

More flexible policies being pursued in Pudong to encourage investors from other parts of China and the world. The area has approved 2,663 foreign-funded firms since it was set up five years ago, said the official, and more high-tech, financial and trade projects were launched in the area last year. These firms involve a total investment of 10.36 billion dollars.

Most of the 50 foreign-funded companies set up in 1994 in the Jinqiao Export Processing Zone, part of the Pudong New Area, turn out such high-tech products as telecommunications equipment, computer hardware

and software, household electrical appliances, automobiles, pharmaceuticals, and biological products.

Of the 251 foreign-financed firms set up so far in the zone, 68 percent are involved in the high-tech industry, the official said, adding that the 48 that have gone into operation have combined annual sales totalling five billion yuan.

He said that 14 multi-nationals, including Ford Motor Co. of the United States, Matsushita of Japan, and Phone-Poulenc of France, set up subsidiary firms in the Pudong New Area last year, and other multi-nationals which came to the area before 1993 have increased their investment.

For instance, Siemens of Germany set up a telecommunications company in Pudong last year, and had opened a mobile telecommunications company two years ago.

By the end of last year 44 multi-nationals had established 60 subsidiary firms in the area, the official said.

The ratio of overseas investment to total investment in Pudong has risen, he said. That ratio was nearly 69 percent in 1994, as against 55 percent in 1993 and 45 percent in 1992.

Sino-foreign cooperation in Pudong takes a variety of forms, including joint ventures, cooperative businesses, wholly foreign-owned firms, and shareholding companies.

Of the 1,035 new foreign-funded firms set up in Pudong last year, 432 are owned wholly by foreign companies, bringing the number of such firms to 745. Of the total number, 95 percent are successful he said, adding that 80 percent of such firms that have gone into operation are profitable.

Inner Mongolia Sets Up Foreign Enterprise Group

SK1401013195 Hohhot NEIMENGGU RIBAO in Chinese 29 Dec 94 p 1

[By reporter Li You (2621 2589): "The Inner Mongolia Autonomous Regional Association of Foreign-Funded Enterprises Established"]

[FBIS Translated Excerpt] The Inner Mongolia Autonomous Regional Association of Foreign-Funded Enterprises was established in Hohhot on 28 December for the purpose of encouraging foreign investment, facilitating the sustained and healthy development of foreign-funded enterprises, and playing a positive role in Inner Mongolia's economic and social development and progress.

Present at the inaugural meeting were Liu Mingzu, Zhou Dehai, Liu Zuohui, Bao Wenfa, and Lan Qianfu, regional leaders; Liu Yimin, president of the China

Association of Foreign-Funded Enterprises; representatives from the three types of foreign-funded enterprises; and persons in charge from various league and city foreign trade departments.

Since the third plenary session of the 11th party Central Committee, especially over the past few years, Inner Mongolia has achieved rapid development in foreign investment work. By the end of November this year, it approved 1,004 foreign-funded enterprises, and the agreed amount of foreign investment reached \$760 million. Foreign investment has been diversified and made in 15 fields, such as light industry and textiles, as well as chemical, energy, electronic, and food industries. Good economic efficiency has been achieved, and over \$100 million earned through exports. While bringing in investment from abroad, we also introduced the advanced technology and modern managerial expertise of developed countries, thus playing an important role in the region's economic development. [passage omitted]

Liu Mingzu said in his speech: The just concluded sixth autonomous regional party congress defined a direction of development, namely to accelerate socialist modernization and promote comprehensive social development with moderate prosperity as the goal and reform as the motivation. We must thoroughly implement the guidelines of the party congress, further emancipate our minds, change our concepts, continue to adhere to the strategy of promoting exploitation and development through opening up, formulate and carry out flexible opening policies, create a more effective investment climate, stimulate the enthusiasm of all localities and trades, provide favorable conditions to expand the scope and channels of foreign investment, actively make use of foreign funds, technology, and managerial expertise, build a number of export-oriented high- and new-tech enterprises, establish a number of export-oriented pillar industries and brand-name products with regional characteristics, increase the proportion of the export-oriented economy in the entire economy, truly turn the advantages in resources into economic resources, and make a new step and create a new situation in the region's foreign investment. [passage omitted]

Multinational Companies Invest in Fujian

HK1501062895 Beijing ZHONGGUO XINWEN SHE
in English 1220 GMT 13 Jan 95

[FBIS Transcribed Text] Fuzhou, January 13 (CNS)—With 16-year practice of openness to the outside world, Fujian has greatly increased its economic strength and improved its investment surroundings, becoming a hot place for luring investment of the renowned world multinational companies and Chinese consortia abroad.

According to latest information provided by Fujian's Provincial Foreign Economic and Trade Bureau, by the end of last October, a total of 60 large-scale multinational companies have invested in Fujian with 123 investment items with contracted foreign capital of US\$ 2.361 billion.

An all-round and profound survey conducted not long ago by the Bureau on investment in the Province by renowned multinational companies and big Chinese consortia abroad discovered that among the biggest 500 multinational companies in the world, 20 had had investment in Fujian. Among Chinese consortia overseas and 100 richest men in Taiwan, 26 and 14 of them had investment in Fujian respectively.

The survey also found four characteristics of the investment practice of these companies and consortia: First, notable multinational companies in Asia and richest men in Taiwan took the initiative in injecting relatively large amount of money in Fujian. Statistics showed 118 items in the Province were funded by big Asian multinational companies and Chinese consortia with their investment registering US\$ 2.31 billion, making up over 98 percent of the total investment in Fujian by large-scale world multinational companies. Second, these companies mainly input their money in coastal regions, such as Fuzhou, Xiamen, Quanzhou and Putian. Among these cities, Fuzhou got 74 big items with the contracted foreign capital of US\$ 1.42 billion, leading the Province. Third, their investment was used in broader scope and mostly in the capital-intensive and technology-intensive items which accounted for a larger proportion. According to statistics, their investment covered more than 30 trades, and 90 items were capital-intensive, technology-intensive and high value-added with the contracted foreign capital of US\$ 1.82 billion, respectively constituting over 70 percent of both total investment and contracted foreign investment. Fourth, these items all had large-size and better economic efficiency, 66 of them each had investment of more than scores of million US dollars and averagely each reached nearly US\$ 20 million.

Information also showed among the top 500 multinational companies, Chinese consortia overseas and richest Taiwanese in the world, 22 have set up 25 representative offices in Fujian.

One trend which should be noticed is these companies and consortia are gradually shifting their investment to inland Fujian from coastal region. Nanping City alone has got items funded by three big consortia with contracted foreign capital of more than US\$ 6 million.

The Province also gives much attention to luring investment of European and American consortia and other multinational companies. By now, five notable multinational companies from Europe and America have invested in five items in Fujian with their investment of US\$ 45 million.

Dalian Shipyard Begins Work on Norwegian Vessel

OW1601080995 Beijing XINHUA in English 0747
GMT 16 Jan 95

[FBIS Transcribed Text] Dalian, January 16 (XINHUA)—China's largest shipyard started construction on

a 52,000-ton ship for the Gear Bulk Company of Norway, here, last Saturday [15 January].

One of the major port cities in northeast China, Dalian began working on the shipyard, capable of building ships as large as 300,000 tons ships, in March 1989.

The shipyard, 365 meters long, 80 meters wide, and with a depth of 12.7 meters, was completed last October.

The ship under construction now will be handed over to the Norwegian company this August, and will be equipped with the latest in advanced technology.

The shipyard has orders for four more of the same kind of ship.

The construction of the shipyard is one of China's bids to enhance its competitiveness in the global market of shipbuilding which is now mainly dominated by Japan and the PRK [abbreviation as received].

Jiangsu Third Largest Foreign Trade Base

OW1501100695 Beijing XINHUA in English 0731 GMT 15 Jan 95

[FBIS Transcribed Text] Nanjing, January 15 (XINHUA)—Jiangsu Province, an economic powerhouse in east China, has grown from the fourth to the third largest foreign trade base in the country.

In 1994, the province's import and export volume surpassed ten billion U.S. dollars to reach 12.8 billion U.S. dollars and up 47.2 percent compared with the previous year, according to the Provincial Committee of Foreign Trade and Economic Cooperation.

It registered an export volume of 8.1 billion U.S. dollars, a rise of 49.9 percent, only ranking after Guangdong Province and Shanghai.

Last year the province optimized the structure of its export commodities and the share of the manufactured goods in the total exports rose to 89.8 percent. The export of mechanical and electronic products accounted for 21.2 percent of the total.

To accelerate the economic growth rate of the whole province, foreign trade departments granted direct import and export autonomy to more enterprises and work units. Now foreign trade companies in 31 of all the 64 counties of the province have been granted foreign trade autonomy and exported 2.26 billion U.S. dollars worth of commodities last year, an increase of 72.3 percent over the previous year. More than 300 production enterprises and ten research institutes have gradually become an important part of the export sector after having obtained foreign trade autonomy.

In addition, foreign-funded enterprises are developing rapidly and have become the most important exporters. At present, more than 11,000 foreign-funded enterprises have gone into operation and reported 3.65 billion U.S.

dollars worth of exports last year, accounting for 40 percent of the province's total.

Meanwhile, its imports has also grown remarkably. The whole year saw more than 3.87 billion U.S. dollars worth of imports, an increase of 41.6 percent. Among them, the import volume of petrochemicals, wool, fertilizers, plastic sheets for agricultural use and advanced mechanical and electronic products increased considerably.

Beijing's 1994 Exports Exceed \$2 Billion

OW1501164195 Beijing XINHUA in English 1541 GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—In 1994 Beijing's exports surpassed two billion U.S. dollars for the first time, according to the latest statistics from the Beijing Municipal Commission of Foreign Trade and Economic Cooperation.

Last year saw an export volume of 2.122 billion U.S. dollars, an increase of 25.3 percent over the previous year.

Professional foreign trade companies took the lion's share with an export volume of 1.36 billion U.S. dollars, accounting for 64.8 percent of the total and going up 22.7 percent from the previous year. Foreign-funded enterprises reported a record-high export volume of 500 million U.S. dollars, an increase of 42.8 percent over the previous year. Enterprises with export rights also exported 239 million U.S. dollars worth of commodities, an increase of 28.4 percent.

In addition, the export volume accounted for 17.8 percent of the Gross Domestic Product, surpassing for the first time the international standard of 15 percent.

Ten enterprises reported an export volume of more than 50 million U.S. dollars each. Among them, the Shougang Corporation, the import and export corporations of garments, textile products, electronics and arts and crafts registered exports of more than 100 million U.S. dollars each.

Over the past two years, overall reforms centering around the improvement of economic performance have been carried out in the city's foreign trade system. All professional foreign trade companies gained profits in the first year of reforms.

In 1994 Beijing reported an import and export volume of more than four billion U.S. dollars, an increase of 31.9 percent. The import volume reached 1.89 billion U.S. dollars, an increase of 40.2 percent.

The city reported an export volume of only 280 million U.S. dollars in 1978 when the country initiated reforms and opening up.

At present, the capital city has exported its commodities to more than 130 countries and regions.

Beijing's Export-Oriented Industry Expands in 1994

OW1501161395 Beijing XINHUA in English 1524
GMT 15 Jan 95

[FBIS Transcribed Text] Beijing, January 15 (XINHUA)—China's capital city of Beijing registered great strides in export-oriented industrial production and cooperation with foreign companies in industrial sector last year.

The city earned 850 million U.S. dollars through exporting industrial products in 1994, a rise of 40 percent over the previous year, according to Liu Zhixin, deputy director of the Municipal Economic Commission.

Last year the city government approved to set up 120 industrial joint-ventures with a total of 580 million U.S. dollars in contracted foreign investment. This brought to 698 the number of foreign-funded enterprises in industrial sector in Beijing.

The volume of foreign investment in these industrial joint ventures averaged 8.83 million U.S. dollars each in 1994, 91.5 percent higher than the 1993 figure, Liu said.

The cooperating partners include such big foreign companies as Pepsico, Inc. and Whirlpool Company of the U.S., Ericsson Company and Tetra Laval Group from Sweden, ABB Corporation of Switzerland and the French Pernod-Richard Group.

The foreign-funded enterprises in industrial sector are playing a leading role in the city's economic development, the deputy director said.

Customs To Check Exports' Prices

OW1601172695 Beijing XINHUA in English 1557
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—China is to examine the prices of products for export from the beginning of next month, the Chinese General Administration of Customs announced here today.

The purpose of the measure is to safeguard normal trade order and the legal rights of Chinese businessmen by preventing Chinese enterprises lowering the prices of export products to beat their Chinese competitors, according to the administration.

It was learned that the prices customs will examine are those at which products are sold abroad. Prices should include production cost, reasonable profit, transportation fees and insurance.

Exporters or their agents should declare the actual prices of their products. If the prices do not conform to the examination standards, the Customs will fix the prices according to the prices of the same or similar products sold to the same countries in the same period, or

according to prices arrived at by adding up the costs, transportation fees, insurance, profits and other costs of the same or similar products made in China.

In order to figure out reasonable prices, the Customs will be empowered to consult account books and other business materials available at enterprises concerned with exports and imports.

If exporters or their agents refuse to supply such materials, the Customs will ban the export of their products.

Electronics Exports Reach 'Record' in 1994

OW1701110795 Beijing XINHUA in English 0811
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—China's exports of electronics goods hit a record 11 billion U.S. dollars last year, a sharp increase of 35.6 percent over 1993.

Liu Jianfeng, vice-minister of the electronics industry, said at a press conference here Monday [16 January] that exports this year are targeted at 13 billion U.S. dollars.

In 1994, 17 competitive products reaching an export volume exceeding 100 million U.S. dollars included tape recorders and other recording equipment, telephones, TV sets, radios, capacitors, automatic data processing equipment and parts, calculators, automobile tape players, semi-conductors, video cassette recorders, integrated circuits, and modules of micro-electronics.

During the past year, exports have found markets in the United States, Japan, Germany, Britain, and other countries, owing to the efforts of joint ventures. This has changed the previous situation of exports relying solely on Hong Kong or Macao markets, Liu said.

According to statistics, industrial production of electronics amounted to 185.9 billion yuan (about 21.9 billion U.S. dollars), up 31 percent from 1993, with taxes and profits totalling 10.5 billion yuan (about 1.25 billion U.S. dollars), a rise of 29 percent over the previous year.

The ministry plans to enhance efforts at setting up a modern electronic information industry this year, Liu said.

Exports in Shanghai 'To Grow'

OW1301095695 Beijing XINHUA in English 0717
GMT 13 Jan 95

[FBIS Transcribed Text] Shanghai, January 13 (XINHUA)—By the end of 1997, annual exports in this largest manufacturing center in China will rise to 15 billion yuan from the current 9 billion yuan, according to official sources.

Exports are expected to grow five percentage points more than the gross national product in the next three years starting from 1995, according to an outline for reforms and opening-up by the Shanghai Municipality.

The city will introduce about 70 brand-name products with export volume of over 50 million U.S. dollars each, and will produce more high-tech, high-added value products, needing extensive processing.

The foreign trade system will be further streamlined in order to explore the international market and set up worldwide sales networks, according to the outline.

Foreign trade companies will be urged to function as do multinationals so as to strengthen their competitiveness on the international market.

Shanghai should make use of overseas materials and markets instead of relying only of those within China, said experts here, "It's very important that Shanghai merge its economy with that of the world."

In the next three years, more leading firms will be attracted to investing in Shanghai, and local businesses will expect more co-operation with their foreign counterparts, according to the outline.

While continuing to pool more foreign funds for joint ventures, more technology will be demanded for each project, and more major projects able to have an impact on the city's economy will be constructed, according to the outline.

Though foreigners will be offered more opportunities for investment, they will be encouraged to invest in infrastructure, such as telecommunications, municipal works, and public utilities, to speed up Shanghai's modernization.

To meet the demands of an export-oriented economy, the city will build a system in accordance with the international practices.

Shanghai will learn from abroad in management, trade, administration, and social practices, and will set standards and norms concerning product quality and reliability.

Export Values in Guangzhou Increase in 1994

HK1501062695 Beijing ZHONGGUO XINWEN SHE in English 1241 GMT 13 Jan 95

[FBIS Transcribed Text] Guangzhou, January 13 (CNS)—Guangzhou continued its sound export growing trend last year and saw a total export value reach US\$ 4.68 billion, an increase of over 44 percent than the year before and it was higher than the average of cities in the country.

According to the latest sources, Guangzhou has seen its export commodity structure further improve and its export commodity market develop in a diversified way. Its primary products for export scaled down from 2.8 percent to 1.7 percent of its total exports last year. Its industrial finished products grew from 7.2 percent to 8.3

percent. Export commodities each kind with a US\$ 10 million export value have reached 60 in number. [sentence as received]

Though there was a greater inflation rate, resulting in an increase of cost for export commodities, foreign trade enterprises in the city had still made its export volume and efficiency growing simultaneously, said Wang Deye, director of the municipal Foreign Trade and Economic Co-operation Commission, at a municipal working conference on foreign trade here.

Mr. Wang said that the municipal government had put forward its future strategic goal on foreign trade of expanding its export business from Hong Kong and Macao at present to the whole globe, from only promoting sale of exports at present to setting up its product-sale network and building its product-processing factories in the world. Last year, the municipality speeded up its construction of "Guangzhou commercial centers" in the world with seven centers of this kind being already approved to be set in New York, Miami, San Francisco, Sydney, Moscow, Kuala Lumpur and Bangkok. The three in the US cities have gone into operation.

The city has planned to reach a US\$ 5.3 billion import and export value this year. It has, at the same time, planned to set up a commodity inspection bureau and construct an exhibition centre.

Shandong Committed To Expand Export Economy

OW1401013995 Beijing XINHUA in English 0113 GMT 14 Jan 95

[FBIS Transcribed Text] Jinan, January 14 (XINHUA)—Coastal Shandong Province will accelerate reforms in its foreign trade system in an effort to boost annual exports to 80 billion U.S. dollars in 2010, according to the provincial government.

In accordance with Shandong's economic and social development plan, the province's exports are supposed to grow at an average annual rate of 20 percent in order to rise to 20 billion dollars in 2000 from 1994's seven billion dollars.

The foreign funds to be brought in during this period are to increase at an annual rate of 30 percent, reaching 30 billion dollars by the turn of the century.

Vice Provincial Governor Song Fatang said that to hit these targets, it is imperative that a modern enterprise system be introduced, and that existing State-owned import-export companies be improved, with large foreign-trade groups being established.

He said that at least ten large import and export groups should have been set up in Shandong by the turn of the century.

"In cooperating with overseas companies, we should pay close attention to standard internationally accepted

practices for raising money," he said, adding that local companies should be encouraged to seek cooperation with major foreign companies and consortia.

He also urged business people to make efforts to develop an export-oriented farming sector and manufacturing industry, and stressed the necessity of undertaking more construction projects in other countries and expand the export of labor services.

Emphasis should now be placed on contracting for infrastructural, energy, environmental protection, and agricultural projects in East Asia, Southeast Asia, Europe, the Americas, and the Middle East.

Guizhou's Import-Export Volume Rises 22 Percent

HK1701090395 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 11 Jan 95

[FBIS Translated Excerpt] According to GUIZHOU RIBAO, Guizhou Province's total volume of imports and exports in 1994 amounted to \$440 million, an increase of 22 percent over the previous year, which was higher than the nation's average import-export growth figure and the province's economic growth level.

Last year, the province's export of selected machinery and electronic products increased markedly. Every tonne of export goods carried by the railways earned 11 percent more foreign exchange than the previous year. [passage omitted]

The province earned \$320 million in foreign exchange by exporting goods, a gain of 33 percent over the previous year. [passage omitted]

Last year, the foreign exchange earned by foreign trade companies specializing in the export of machines, grain and edible oil, and five minerals topped the mark of \$30 million for the first time. The come-from-behind machinery import-export company limited earned \$41.88 million in foreign exchange, thus ranking first in the province in terms of foreign exchange earning. At the end of 1994, the province had 56 foreign trade companies operating imports and exports in nine prefecture, cities, and autonomous prefectures. Last year, the total volume of foreign exchange earned by the enterprises which were just empowered to operate imports and exports constituted 13 percent of the province's total. [passage omitted]

The province actually used about \$84 million in foreign capital last year. [passage omitted]

Tariffs Lowered on 246 Types of Imports

OW1601113995 Beijing XINHUA in English 0950 GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—A total of 246 kinds of import goods and nine

kinds for exports will be subject to lower tariff rates for one year starting this January first.

According to a decree released by the Chinese General Administration of Customs here today, during that time period, if tariff rates are adjusted, duties will be collected according to the new rates.

It is revealed that among the 246 products are agricultural chemicals, raw materials for agricultural chemicals, beef and mutton fat, coconut oil, plastics, rubber, wood pulp, paper for use in journalism, wool, man-made cotton, polyamide fibre, tinplate, boiler plate, section steel, tin-plating steel plate, controlling system of machinery, monitor kinescopes, optical fibre, aviation engines, and navigation equipment.

The nine export items are chestnuts, phosphorus, and seven kinds of nonferrous metal products.

State Predicts '95 Production Material Sales

OW1301165095 Beijing XINHUA in English 1633 GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—China's gross sales of production materials is expected to reach 2,310 billion yuan this year, according to the State Information Center.

Latest statistics show that China will find flourishing markets for products such as rolled steel, nonferrous metals, building materials, timber, chemicals, machinery, and electric products.

In 1995, the volume of steel products in the country will hit about 90 million tons, with consumption reaching 110 million tons, the center said, adding that China will export more rolled steel this year because of a recovery in the world economy.

China will see a balance of supply and demand for aluminum, with production expected to hit 1.45 million tons and demand, 1.52 million tons.

The State Information Center has predicted that cement production this year will reach 410 million tons, slightly greater than demand.

Special-use and high quality cements will be "hot-sellers", the center said.

Supply and demand will be balanced in the fuels and automobile markets, according to the center.

Correction to Official on IPR Safeguards, Part 2

HK1301045295

The following correction pertains to the item headlined "Official Defends IPR Safeguards, Part 2," published in the Economic Affairs section of the 12 January China DAILY REPORT, pages 39-40:

Page 39, column two, paragraph three, sentence one, make read ...in reproducing foreign laser discs. Like the capitalists... (changing "CD-ROMs" to "laser discs")

Page 39, column two, paragraph five, sentence two, make read ...the CD and laser video production lines and... (changing "CD-ROMs" to "laser video")

Same paragraph, sentence three make read ...issued orders, urging many factories in Zhejiang.... (changing "the" to "many")

Same paragraph, sentence four make, read ...inspections of the audio-video market. They confiscated... (changing "hi-fi" to "audio-video")

Page 40, column one, first partial paragraph, partial sentence at beginning, make read ... discs and 441,400 boxed cassettes and videotapes.... (changing "boxes" to "boxed").

Agriculture

Jiang Chunyun Calls For Improvements in Agriculture

OW1401170495 Beijing XINHUA in English 1347
GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, January 14 (XINHUA)—Jiang Chunyun, a senior leader of the Chinese Communist Party, has said that all possible and effective measures must be taken to reap a good harvest and increase farmers' incomes in 1995.

Addressing a national conference on agricultural work which closed here yesterday, Jiang, a member of the Political Bureau of the Party's Central Committee, said that a good harvest this year is vital to the success of the reform and economic growth, the stability of the overall situation and curbing inflation.

He said that the high inflation rate in China last year was due primarily to the laggard of agricultural production.

Reaping a good harvest to increase supplies of farm and sideline products this year will greatly ease the pressure on inflation, he explained.

Jiang, who is also a member of the Secretariat of the Party Central Committee, noted that a good harvest this year will help achieve "sustained, rapid and sound" growth of China's economy.

That will meet the increasing needs of the Chinese people for the consumption of farm and sideline products, he said.

"That will also enable farmers to achieve relatively comfortable living standards," he told the conference.

According to Jiang, at least half of rural residents' incomes comes from farming, so it is still an irreplaceable way to increase their incomes by expanding production in farming, forestry, livestock breeding and fisheries.

Various measures formulated to reap a good harvest this year must be implemented to the letter, he said.

To this end, it is imperative to plant grain crops on 110 million hectares and cotton on six million hectares, he said.

The leader said that governments at all levels must ban the use of cropland for planting fruit trees or digging fish ponds, and must also strictly control the use of land for economic development zones and real estate development projects.

He urged party and government leaders to place agriculture at the top of their economic work agenda. Financial support and credits used on agriculture must also be guaranteed, he noted.

Jiang Chunyun also said that efforts be made to ensure production and supply of agricultural capital goods, such as chemical fertilizers, pesticides and machinery.

It is also imperative to spread the use of new agricultural techniques and fine seeds, he said.

He asked governments at various levels to mobilize farmers to improve farming conditions by stepping up the construction of water-control facilities.

To reap a good harvest this year also requires efforts to deepen the rural reform, including the improvement in the basic rural operational system, the reform of the commodity circulation system and faster construction of towns, he said.

Agricultural Bank To Ensure 'Proper' Use of Loans

HK1701055995 Beijing CHINA DAILY in English 17
Jan 95 p 7

[By Ren Kan: "China To Harvest Agri-Bank Riches"]

[FBIS Transcribed Text] The Agricultural Development Bank of China, one of the country's three policy banks, this year will strive to ensure the proper use of its special policy loans.

An official with the bank said it expects to sharply increase loans to meet China's aim to boost capital investment in agriculture.

Using and managing these loans will support the country's agricultural economy.

It also has great significance in guaranteeing efficient supplies of farm products to curb inflation, the official said.

The weak agricultural foundation and price rising of farm products [as published] were one of the major reasons for last year's high inflation.

To support the agricultural industry, China last November set up the Agricultural Development Bank of China.

Its main task is to grant low-interest, long-term loans to most-needed agricultural projects involving farm-product retail, storage, wholesale, processing, irrigation and technology development.

The Bank this year will focus on establishing a closed credit capital management system to prevent misuse of loans.

The bank will strive to prevent firms, which are receiving loans from the bank, to open accounts in several banks in an effort to stop the drainage of the bank's special loans.

Firms which open a number of accounts will be punished, he said.

To ensure the capital balance within the bank, the bank will provide loans to firms when they need money to purchase farm products but recall the loans when they sell out the purchased products.

The official said that the bank will tighten risk management.

Beijing Secretary Attends Rural Conference

SK1301044095 Beijing BEIJING RIBAO in Chinese 24 Dec 94 pp 1, 4

[Report by Ren Zhixi (0117 4460 3679): "Pushing Suburban Agriculture and Economic Construction to a New Stage"]

[FBIS Translated Excerpt] On 23 December, the municipal party committee and the municipal government held a rural work conference to further implement the guidelines of the third and fourth plenary sessions of the 14th CPC Central Committee and the central economic work conference held recently, to conscientiously summarize the 1994 work of suburban areas, and to study and arrange for the 1995 work of suburban areas with a view to pushing agriculture in suburban areas and the construction of the rural economy to a new stage of development.

Chen Xitong, secretary of the municipal party committee, attended the conference and made a speech. Attending the conference were municipal leaders Chen Guangwen, Xu Bingzhong, and Jin Jin. Also attending were leading comrades of pertinent commissions, offices, and bureaus. [passage omitted]

Du Deyin, secretary of the agricultural work committee under the municipal party committee, presided over the conference. Duan Qiang, vice mayor of the municipality, made a speech entitled "Emancipate the Mind To Help Transform Mechanism, Expand Markets To Promote Development, and Push Suburban Economy to a New Stage." He said: Last year, suburban areas fulfilled the fighting goals defined by the municipal party committee and the municipal government at the beginning of last year, under the guidance of the guidelines of the Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and of the 14th National CPC

Congress, and under the correct leadership of the municipal party committee and the municipal government. Economic aggregates increased by a relatively wide margin; the GDP was estimated at 28.69 billion yuan, up by 15.4 percent over the previous year if price factors are considered; total industrial and agricultural output value was estimated at 100.56 billion yuan, up by 46.8 percent; and the per capita labor income of rural residents was estimated at 2,795 yuan, an increase of 540 yuan. The scaled operation developed by a relatively wide margin. The number of grain field farms, in which each laborer manages more than 100 mu of fields, reached 471, 280 more than the figure in the previous year. The "vegetable basket project" proceeded rapidly. The open vegetable plots developed to 150,000 mu, the protective vegetable plots developed to 30,000 mu, the modernized vegetable plots developed to 20,000 mu, a record in suburban areas' history in terms of the acreage of vegetable plots. Output of all such nonstaple foods as vegetable, meat, fish, eggs, milk, and fruits was increased. New trends emerged in absorbing foreign funds and developing export-oriented economy. The scale of foreign investment was expanded, and the average volume of investment made by the newly approved foreign-invested enterprises of three types was \$1,359 million, \$351,000 more than that in the previous year. The trend in developing and building industrial zones was relatively good. The first-phase development of the 20 industrial zones in remote suburban counties (districts) already started. A big breakthrough was made in building mountain areas, and the greening and afforestation tasks were overfulfilled. A total of 400,000 mu of mountain farms were leased, of which 100,000 mu were leased to society, and 250,000 mu were used to grow fruit trees. New progress was made in deepening reform, and the shareholding system and the shareholding cooperative systems were tried out at 2,500 rural households. Results were achieved in reform and development of state-owned agricultural enterprises. The business volume of these enterprises was estimated at 1.4 billion yuan, an increase of 30 percent over the previous year. State-owned agricultural enterprises followed the road of making innovations in systems. The shareholding cooperative system was tried out by 106 state-owned agricultural enterprises, and 50 such enterprises were operated according to new systems. New headway was made in building infrastructure in rural areas. A total of 361.1 km of roads were newly built or rebuilt, 14 telecommunications branch bureaus were newly built, and the newly added channels of telephone exchanges were equal to the total before 1993. Progress was also made in the power plants run by counties (districts). Party building and the building of spiritual civilization were strengthened.

In his speech, Duan Qiang set forth the guiding ideology and fighting goal for the 1995 suburban economic work. He pointed out that the guiding ideology for the 1995 suburban economic work is: Emancipate the mind to help transform mechanisms, and expand markets to

promote development; make breakthroughs in organizing socialized mass production; concentrate energies on cultivating large markets, building large bases, developing large enterprises, and organizing large groups; and push suburban agriculture and rural economic construction to a new stage of development. In his report, he defined the fighting goals for the overall demand on the 1995 suburban agriculture and rural economic and social development, for the scale of regional economy, for the income level of peasants, for the endeavor of making mountain areas relatively well-off, for the building of villages and towns, and for social progress. He also defined the major measures for the 1995 suburban economic work as: Place agricultural development in the first place of economic work; and pay attention to development, scale, and features of suburban agriculture to make grain production and the "vegetable basket" project develop toward socialized large-scale production. In suburban areas of the capital, secondary and tertiary industries have been relatively developed. However, these areas should not neglect agricultural production, should not lose leadership over agriculture on the account of the small proportion of agriculture in the economic aggregates, should not underestimate agricultural production on the account of the low comparative profit of some agricultural products, and should not give up the support and guidance to agriculture on the excuse of carrying out market economy. We should further strengthen agriculture's position as the foundation for the economy and increase the input in agriculture. We should strengthen the organization and leadership over agriculture in line with the orientation of the socialized large-scale production and with the practical conditions of suburban areas. In 1995, we should achieve results in grasping the "development," the "scale," and the "features" of suburban agriculture. We should pay attention to the export-oriented economy, expand the scale of production, create brand-name products, and build industrial zones in suburban counties (districts), in mountain areas, in small and medium-sized cities and towns in order to make township and town enterprises in "good taste." We should build the markets that link urban areas with rural areas and accelerate the process of integrating urban areas with rural areas. We should deepen the rural enterprise system and the land use system. We should rapidly carry out the plan of using four years of time to make 400,000 people in remote mountain areas lead a comfortable life and should accelerate the pace of making remote border areas prosperous. We should make best possible use of our advantages, give different guidances to different cases, and explore new ways to develop the suburban economy. State-owned agricultural enterprises should follow the road of transforming operational mechanism beginning with structural reform. Such enterprises should concentrate energy on doing major things and should continue to strengthen cooperation with major international companies in order to play a leading role in developing suburban economy. [passage omitted]

Beijing Pork, Rice, Edible Oil Prices To Remain High

HK1301093995 Beijing CHINA DAILY in English 13 Jan 95 p 3

[By Liu Yinlang: "Prices of Rice, Pork, Oil To Stay High This Year"]

[FBIS Transcribed Text] Prices of rice, edible oil, and pork in Beijing will remain at a relatively high level through the first half of this year, indicated a report released yesterday at a forum on the capital's commodity prices and pricing policies.

Since last mid-November, prices of rice, edible oil, and pork in Beijing's free markets have climbed to 3.2 yuan (\$0.40), 10 yuan (\$1.2) and 16 yuan (\$1.9) per kilogram, respectively. These are increases of 45, 34, and 33 per cent from a year ago.

Li Jiali, director of the Beijing Pricing Bureau, presented the report to the meeting, which was attended by about 20 deputies to the Municipal People's Congress and 10 local government officials.

Since 95 percent of the rice and edible oil, as well as 50 percent of the pork and vegetables sold in Beijing are supplied by other provinces, their prices depend largely on market conditions in those places.

Two price fluctuations occurred last year. February saw a jump in the cost of grains, edible oil, pork, and some daily necessities. This was followed by another climb in these prices by almost 30 per cent in the third quarter.

The municipal government adopted 10 specific measures to cope with the rising prices. They include developing 10,005 hectares of new vegetable farms and setting up 200 pig farms which already have turned out 2.5 million pigs.

About one billion yuan (\$117.6 million) was spent on keeping the commodities prices steady with 25 million yuan (\$2.94 million) used to subsidize winter cabbage on Beijing's market.

Some public facilities such as gas, water, heating, and public transportation were also subsidized by the government to keep their fees at a low level.

In 1995 another 820 million yuan (\$96.5 million) will be added to public facilities' subsidies.

As a result of the local government's efforts Beijing's retail price rises in 1994 were smaller than that of China's 35 other big cities.

'Richest' Village Reports Success in Rural Economy

OW1301125895 Beijing XINHUA in English 0836 GMT 13 Jan 95

[FBIS Transcribed Text] Tianjin, January 13 (XINHUA)—Daqiuzhuang, known as China's richest village, scored seven billion yuan in total industrial and agricultural output value last year.

According to local officials, the village, on the outskirts of this north China port city, also chalked up 6.65 billion yuan in sales revenue and 510 million yuan in profits in 1994, all showing marked increases compared with the previous year.

Daqiu Zhuang fell into disgrace following the imprisonment of its former village head Yu Zuomin in August 1993 after he was found guilty of serious crimes.

The village became a township in November 1993, and has been achieving new successes in the construction of a socialist market economy. Four enterprise groups in the village were included among the top 10 township-owned enterprises with best economic efficiency in November 1994.

Ou Baoju, present head of the township, attributed the rapid development of Daqiu Zhuang to the local people's efforts to bring the role of qualified personnel into full play, vigorously explore both the domestic and overseas markets, and keep investing to expand production.

According to him, the township has hired 1,136 skilled people from outside the township, in addition to training 1,113 of its own workers.

To build a large marketing network for local products, the township's four enterprise groups of Yaoshun, Jinmei, Jinhai and Wanquan have deployed 2,698 salesmen and established 310 agencies across the country.

The four enterprise groups have also opened up markets in some foreign countries, such as the United States, Japan, the Republic of Korea and Thailand. The Jinhai Group has been given autonomy in handling imports and exports.

Last year the township invested 200 million yuan in fixed-assets projects and carried out technical upgrading in a score of projects, said the township head.

Hebei Province Sees Steady Increase in Grain Output

OW1301044795 Beijing XINHUA in English 0436 GMT 13 Jan 95

[FBIS Transcribed Text] Shijiazhuang, January 13 (XINHUA)—Northern China's Hebei Province, one of the main grain producers in the country, has seen a steady increase of grain output for three successive years, according to the provincial government.

The province harvested a total of 24.8 million tons of grain last year, an increase of one million tons over the 1993 figure, which in turn was 23.8 million tons.

Farmers in the province earned an average of 970 yuan per capita from farming last year, some 200 yuan up from the previous year's figure.

The province, the largest grain and farm produce supplier for neighboring Tianjin, a port city in north China,

and for Beijing, has been increasing its input into agriculture over the past few years. A total of 500 million yuan was taken out of provincial revenues and applied to agricultural development, 20 percent more than in 1993. Fifty million yuan was used from the governor's reserve in the fight against a severe drought across the province last year.

The province is expected to gather a total of 25 million tons of grain and 400,000 tons of cotton this year. Its arable lands for growing grain and cotton were increased to 100 million mu (about 6.67 million hectares) and 10 million mu, respectively.

Overseas investors, including Japanese and American have come to the province for agricultural development and some programs have so far been fruitful.

Heilongjiang Increases Beet Purchase Prices

SK1401064595 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 13 Jan 95

[FBIS Translated Text] In order to promote the development of the sugar refining industry in the province and to further bring into play the enthusiasm of peasants in planting beet, the provincial people's government, the provincial price bureau, and the provincial light industry department recently and jointly issued a circular to disclose their decision to increase the prices of purchasing beet beginning 1 October this year. The per-tonne price of beet that contains more than 16.5 percent sugar will increase from 180 yuan in the past to 280 yuan in the future. In line with the local conditions, the original purchase prices may be increased or decreased within 10 percent.

The circular states: The criterion for purchasing beet and the preferential policies in this regard will be implemented according to the temporary regulations set in the province's beet policies. In line with the regulations of the provincial people's government, the supply relation of sugar materials among various sugar refineries and beet productive areas should remain unchanged. Sugar refineries and peasants can join directly in the signing of beet purchase contracts.

Agricultural Development Program Successful in Henan

OW1301022995 Beijing XINHUA in English 0216 GMT 13 Jan 95

[FBIS Transcribed Text] Zhengzhou, January 13 (XINHUA)—Central China's Henan Province has invested 1.05 billion yuan in an agricultural development program over the past three years and the efforts have begun to show positive results.

The comprehensive development program was originally started jointly by Henan, Shandong, and Hebei Provinces in 1987. The second phase of the program started in 1990 and is covering 87 counties of Henan.

According to local officials, with the added investment, the 87 counties have seen great improvement in conditions for agricultural production, the establishment of a rational agricultural structure, and rapid development of various social services in rural areas.

As one example, counties in the province have improved 412,666 ha of middle- and low-yield farmlands and brought irrigation to an extra 222,666 ha. The improved conditions have brought with them a marked increase in the output of grains, cotton, edible oils, and meat.

Statistics show that these counties have been blessed with an extra 765,000 tons of grain, and an additional increase of 25,300 tons of cotton over the past three years.

These counties have now developed a capacity to export 39 million U.S. dollars-worth of produce thanks to the establishment of 506 production bases of planting, animal husbandry, and aquatic products during the implementation of the comprehensive agricultural development program in these localities.

Hubei Increases Investment in Agriculture

OW1501015795 Beijing XINHUA in English 0127
GMT 15 Jan 95

[FBIS Transcribed Text] Wuhan, January 15 (XINHUA)—Central China's Hubei Province will shelve four industrial construction projects to speed up agricultural development this year, according to an official from the provincial planning commission.

This is part of Hubei's efforts to lower the inflation rate in the province, the official said.

Some 16 million yuan initially allocated for the four industrial projects—development of a new mine at Yanguan, a filament plant in Huangshi, a polyamide fiber plant at Naohekou, and a copper mill at Gedian, will go to agriculture, which needs more funds for expansion.

Of this money, 7.8 million yuan will be used for agricultural projects on the plain between the Chang Jiang and Hanjiang rivers, 6.3 million yuan for agriculture-related industrial projects and the remainder for building new grain and cotton production bases.

A major bread-basket of the country, Hubei harvested 23.5 billion kg of grain last year. However, insufficient investment in agriculture hindered a sustained and rapid development in the sector.

The provincial government plans to pump a total of 204 million yuan into agriculture this year, an 8.6 increase over last year.

The provincial planning commission is also expected to raise 1.3 billion yuan for five new agricultural projects.

Guangdong Adopts Land Compensation Measures

HK1601143595 Guangzhou NANFANG RIBAO in Chinese 6 Dec 94 p 5

["Guangdong Provincial Measures for Managing Compensation Concerning Requisition of Collectively

Owned Rural Land (Adopted by 11th Standing Committee Meeting of Eighth Guangdong Provincial People's Congress on 17 November, 1994)"]—passages published in boldface enclosed in a box]

[FBIS Translated Text] The Eighth Guangdong Provincial People's Congress Standing Committee Communiqué (No 71)

"Guangdong Provincial Measures for Managing Compensation Concerning Requisition of Collectively Owned Rural Land" was adopted by the 11th Standing Committee Meeting of the Eighth Guangdong Provincial People's Congress on 17 November, 1994 and is now promulgated for official enforcement as of 1 January, 1995. The Guangdong Provincial People's Congress Standing Committee 6 December, 1994

Article 1—These "Measures" were formulated in accordance with "The PRC Land Management Measures" as well as a series of relevant laws and decrees and in light of the province's realities with an eye toward strengthening management of compensation concerning the requisition of collectively-owned rural land and safeguarding the legitimate rights and interests of land-owning rural collectives.

Article 2—Compensation regarding requisition of collectively owned rural land as mentioned in these "Measures" refers to economic compensations as guaranteed by the state law for legitimate requisition of collectively owned rural land (including cultivated land, forest land, mountain ridges, orchards, pastoral land, wasteland, shoals, water surfaces, and so on), such as land compensation, resettlement compensation, young crops compensation, and appendages compensation.

Article 3—Agriculture departments of the people's governments at and above county level shall be responsible for implementing these "Measures" in coordination with land departments of the people's governments at corresponding levels.

The township (town) people's governments shall be responsible for implementing these "Measures" in townships (towns) while township (town) collective economic management institutions will be responsible for guiding and supervising utilization of the aforementioned land requisition compensation and distribution of profits arising from such compensation.

Article 4—Compensation funds and resettlement subsidies regarding requisition of collectively-owned rural land will be owned by land owners in accordance with the law.

In accordance with the law, collectively-owned rural land refers to land owned collectively by peasants in a village. Such land is usually operated and managed by collective economic organizations in the villages or by a villagers' committee. Land in the possession of townships (towns) or of collective economic organizations set up by peasants in two or more villages will continue to be owned by

the townships (towns) concerned or continue to be owned collectively by peasants in two or more villages.

Land owned collectively by peasants but in the possession of two or more agricultural collective economic organizations will continue to be owned collectively by peasants in the collective organizations concerned.

Article 5—In the course of collectively owned rural land requisition, the two parties concerned will sign land requisition agreements in accordance with the law, providing in no uncertain terms the exact type, quantity, and area of land to be requisitioned, criteria for paying compensation and subsidies regarding land requisition, dates and methods for paying compensation, employment arrangements for peasants to be affected by land requisition, rights and obligations of the two parties, liabilities of the two parties concerned in case of a breach of agreement, and some other details. The land requisition agreement will have to be approved by more than half of the total number of peasant households or their deputies within the relevant collective economic organizations or villagers' committee possessing the land to be requisitioned. The voting results will be recorded and kept as annexes to the signed land requisition agreements.

In examining and approving land requisition procedures, the people's governments at and above the county level will have the right to refuse to approve land requisition applications which are not consonant with the abovementioned standard land requisition requirements.

Article 6—Land requisition criteria will be followed in light of the laws and decrees concerned.

Land requisition compensation will be collected from land requisition units by the land administrative departments at and above the county level and will be paid in accordance with the compensation criteria and payment dates provided in the land requisition agreement concerned to units whose land is requisitioned. In case of an overdue compensation payment, the land administrative departments concerned will be responsible for levying and transferring a fine equivalent to 3 percent of the overdue amount to units whose land is requisitioned.

Article 7—Young crops and appendages compensation obtained by units whose land is requisitioned will be distributed in accordance with agreed criteria to individuals entitled to such compensation (including contractors and operators). However, compensation to which collectives are entitled will not be distributed to individuals.

Article 8—Land compensation, resettlement compensation, and collectively owned young crops and appendages compensation will be managed by units whose land is requisitioned. The compensation funds will have to be expended on collective production development, employment of surplus labor caused by land requisition,

provision of livelihood subsidies to surplus labor unsuitable for employment, and on public welfare undertakings development. The compensation funds will not be distributed to individuals or owned by any other units or individuals.

Measures for expending land requisition compensation funds and distributing profits arising from such compensation funds will have to be approved by more than half of the total number of peasant households or their deputies and will be submitted to the township (town) people's governments concerned for the record.

Article 9—Units whose land is requisitioned will have to establish a new accounting system and also a democratic finance management system. Special accounts will be opened with local financial institutions for land requisition compensation funds obtained by collectives. Land requisition compensation funds will also be merged with rural cooperative funds. The parties concerned will have to issue quarterly or biannual public statements to let villagers know how their compensation funds are being expended and to accept supervision by villagers.

Article 10—Any unauthorized land requisition in violation of Article 5 of these "Measures" will be null and void.

Article 11—Units or individuals found having misappropriated, or diverted to some other purpose, land requisition compensation funds in violation of Articles 7 and 8, Section 1 of these "Measures" will be ordered to repay the relevant funds to units whose land is requisitioned, surrender illicit income, or pay a fine twice as much as the misappropriated sum. Units or individuals found having committed offences in this regard will be punished by judicial organs in accordance with the law.

Individuals expending land requisition compensation funds in violation of Article 8, Section 2 of these "Measures" and without prior approval by more than half of the total number of peasant households or their deputies will be responsible for retrieving the relevant funds and paying compensation for economic losses they have caused. Individuals found having committed offences in this regard will be punished by judicial organs in accordance with the law.

Article 12—These "Measures" are to be officially enforced as of 1 January, 1995.

Goals for Zhejiang 1995 Agricultural Production

OW1701054295 Beijing XINHUA in English 0427
GMT 17 Jan 95

[FBIS Transcribed Text] Hangzhou, January 17 (XINHUA)—East China's Zhejiang Province has set new goals for agricultural production in 1995 aimed at increasing output in grain, cotton, vegetables, and other farm products.

The province plans to produce 65,000 tons of cotton and 15 million tons of grain this year, compared with 14.04 million tons of grain last year.

The province also expects a rise in the output of other products such as meat, eggs, milk, vegetables, fruits, and tea, according to a provincial working meeting on agriculture.

Although Zhejiang has enjoyed an economic boom over the past decade, it has seen little in the way of repeated strides in agricultural production in the same period, but the provincial government is to take various steps to ensure that the upcoming plans work, according to the meeting.

The province has formulated a series of local regulations to protect farmland and vegetable-growing land, and more will be done for the management of agricultural production.

The province will further spread the use of agricultural technology for planting crops, using fertilizers, irrigating, and for the prevention and treatment of pests and diseases.

Special funds will be raised to set up a provincial seed propagation farm and one for developing improved varieties of crops. The improved crops are expected to be planted on 200,000 ha of farmland this year.

According to the province's plan, its agriculture sector will further gear up for the market economy this year. In addition to 20 grain and cotton production bases and 16 lean pork production bases, they will set up other bases to produce more mutton, beef, silkworm cocoons, tea, and oranges to meet the demands of market.

Zhejiang Holds Agriculture Work Conference

OW1301013695 Hangzhou Zhenang People's Radio Network in Mandarin 1000 GMT 7 Jan 95

[From the "Provincial News Hookup" program]

[FBIS Translated Text] A provincial agricultural work meeting was held in Hangzhou today. Vice Governor Liu Xirong spoke at the meeting, he discussed ways to promote agriculture and improve rural work.

He said: Zhejiang's agriculture and rural situation as a whole was good last year. Total grain output reached 14.04 million tonnes. The effective supply of nonstaple and other nongrain foods increased noticeably. Village and township enterprises continued to develop in a sustained, rapid, and health way. Peasants' incomes grew conspicuously. The average per capita net income of peasants was 2,250 yuan, 28.9 percent more than that in 1993. Work related to agriculture this year will be focused on increasing the effective supply of farm products under the premise of ensuring stability, on steadily increasing peasants' incomes, and on paying close attention to grain and nonstaple food production, in order to develop high-yield, high-quality, and high-efficiency agriculture.

He said: Steadfast efforts shall be made to steadily develop grain production and to actively popularize

appropriate-scale management of crop land, in order to increase the acreage of crop land to be sown this year to 43 million mu and to maintain total grain yield at around 15 million tonnes. Meanwhile, efforts shall be made to further optimize grain crops' strain structure, sowing pattern, and cultivation techniques in order to increase the output and improve the quality and efficiency of grain production. Vigorous efforts shall be made to improve scientific and technology standards of workers engaged in agricultural production. All localities should pay close attention to farmers' scientific and technical training and education, focused on the green certificate project, in order to raise to a new height the scientific and technical quality of farmers, mainly model scientific and technology households and major specialized households. As far as the vegetable basket project is concerned, particular attention must be paid to the production of ordinary vegetables and hogs, and to encouraging major hog-raising households to engage scale operation while promoting the construction of nonstaple foods markets.

Discussing cotton and silk cocoon production, Liu Xirong said: We should work hard to transport cotton from the east to the west, and silk cocoons from the north to the south, in order to stop the declining trend of silk cocoon and cotton production, and achieving the strategic shift in the province. This year, Zhejiang will open a 100,000 mu cotton base in the (Jinchi) basin.

Zhejiang Province Reaps Record Grain Harvest

OW1601084395 Beijing XINHUA in English 0820 GMT 16 Jan 95

[FBIS Transcribed Text] Hangzhou, January 16 (XINHUA)—Despite disastrous rainstorms, East China's Zhejiang Province reaped a record grain harvest in 1994, with the total output topping 14 million tons.

The province's rapid, sustained agricultural development followed the application of a range of measures to increase investment in farm production.

To increase the investment in agriculture, the provincial government has set up agricultural funds at all levels. In 1993 a total of 700 million yuan was raised to boost the development of water-control projects.

And in 1994 about two percent and one percent, respectively, of the province's industrial and commercial turnovers went into the construction of water-control projects.

Local officials attributed the record harvest to the spread of advanced agricultural technology. Fine breeds of rice have been planted in the province last year, with their growing area accounting for 80 percent of the province's total.

Meanwhile, the provincial government earmarked money to help farmers buy machinery and farm tools. It

has also set up over 3,000 technical stations to provide them with various kinds of services.

Zhejiang Farmers' Income Surpasses 2,000 Yuan

OW1701102495 Beijing XINHUA in English 0933
GMT 17 Jan 95

[FBIS Transcribed Text] Hangzhou, January 17 (XINHUA)—In spite of price increases last year, per capita income of farmers in east China's Zhejiang Province hit a record high because of the brisk development of township enterprises.

Last year, farmers' per capita net income reached 2224.64 yuan, a record increase of 478.7 yuan and 27.4 percent higher than the previous year. Their actual income increased 4.1 percent after adjustment for inflation.

According to statistics released by the State Statistics Bureau, Chinese farmers' per capita income was 1,200 yuan last year.

Since 1985, per capita net income of Zhejiang farmers has been at the top of the list in China.

The percentage of lower-income families, which have a per capita income of less than 600 yuan, dropped from 7.5 to 4.7 percent, while the percentage of high-income families, which have a per capita income of more than 4,000 yuan rose from 4.6 to 11.1 percent.

Per capita income received in cash reached 2,027.59 yuan, an increase of 35.6 percent, while that in kind was 197.05 yuan, down 21.5 percent compared with 1993. The percentage of cash in total income increased from 85.6 to 91.1 percent, indicating that more than 90 percent of the farmers' net income was realized in the marketplace.

The sources of income also shifted from agricultural by-products to labor. Because of the rapid development of non-agricultural industries, farmers' income earned from agricultural products is decreasing. Last year, the share of their income earned through working in township enterprises, family-run transport businesses, construction, commerce, and service industries had grown to 70 percent.

Southwest Region

Corrupt Guizhou Official Executed; 2d Sentenced to Death

OW1601155195 Beijing XINHUA in English 1530
GMT 16 Jan 95

[FBIS Transcribed Text] Beijing, January 16 (XINHUA)—Two senior officials of Guizhou Province in southwestern China have been sentenced to death for corruption.

One was executed today, while the other's sentence was suspended for two years, the Supreme People's Court (SPC) announced here today.

Their political rights were also abolished for life, Liu Jiachen, SPC vice-president, told a press conference.

Yan Jianhong, former chairman of the Board of Directors of the Provincial International Trust and Investment Co., was executed for embezzlement, misappropriation of public funds, profiteering, speculations and taking bribes.

Yan, 61, was also a member of the Standing Committee of the Provincial Committee of the Chinese People's Political Consultative Conference.

The other official, Guo Zhengmin, 52, was former provincial police chief. He was convicted of misusing his power so that others could seek illegal profits, and taking bribes totalling 170,000 yuan (about 19,770 U.S. dollars).

Guo was sentenced to death in the first trial, but this was suspended for two years, an accordance with Chinese law for reporting the crimes of others in the second trial, according to the vice-president.

The verdict on Yan Jianhong shows that she:

- Embezzled 650,000 yuan and 14,300 U.S. dollars of public funds from her company in five separate cases within eight months, and diverted 1.5 million yuan of public funds of her company, together with two other conspirators;
- Misappropriated more than two million yuan and 50,000 U.S. dollars;
- Misused her power to help others engage in tobacco speculation for her own profit of 400,000 yuan;
- Took bribes of 10,000 HK [Hong Kong] dollars and goods worth 17,000 yuan for illegally offering loans to an overseas merchant.

The other people involved in these cases have been dealt with in separate trials, Liu said.

"Bringing these two major criminals to justice once again indicates the dedicated efforts of the Communist Party of China and the Chinese government to root out corruption," Liu said at the press conference.

It indicates that the Party and the government are not only ready to face up to existing corruptive practices in the country, but also capable of eradicating them, he added.

But the anti-corruption drive still has a long way to go, demanding unrelenting and unified efforts from all the society, he said. He further pledged that the people's courts will continue their fight by means of intensifying the crackdown on economic crimes.

Sichuan Creates Laws To Protect Private Businesses

OW1401024595 Beijing XINHUA in English 0200
GMT 14 Jan 95

[FBIS Transcribed Text] Chengdu, January 14 (XINHUA)—Southwest China's Sichuan Province is leading the nation in making laws and regulations protecting private businesses.

With a population of over 100 million, Sichuan has seen rapid development of private businesses in recent years, especially since 1992, when Deng Xiaoping, a native of Sichuan, called on the nation to speed up the development of economy.

By the end of last year, the province had 19,350 private businesses, involving a total of 6.4 billion yuan in capital and employing over 270,000 people.

Output value of the private business exceeded 5.5 billion yuan, with more than 2 billion yuan in taxes having been paid, equal to 10 percent of the total amount of industrial and commercial taxes of the province.

A few private businesses, such as the Xiwang (Hope) Company, have registered over 100 million yuan in capital and acted as a motive force in the province's economy. Private businesses there rank seventh in the nation, after Guangdong, Zhejiang, Shandong, and some other coastal provinces with booming economies.

Problems, such as lack of order in business management, tax evasion, and bad business practices however have become more serious in the province.

The province passed some laws and regulations to keep its management of private businesses in order. They include not only provisions on the duties of private businesses and protection of rights of employees, but also articles on giving private businesses the right to refuse illegal charges and fines from the government.

They also explain that no private businesses can employ children, or primary and high school students.

'Strategic Adviser' Huang Chieh Dies at 94

OW1601033195 Taipei CNA in English 0213 GMT
16 Jan 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Jan. 14 (CNA)—Huang Chieh, a strategic adviser to President Li Teng-hui and a four-star general, died of kidney failure Saturday [14 January] morning at Tri-Service General Hospital in Taipei. He was 94.

Huang, who served as defense minister 1969-1972 and Taiwan provincial governor 1962-1969, graduated from the Whampoa Military Academy and helped late Republic of China (ROC) President Chiang Kai-shek in his northward expedition against provincial warlords in Mainland China, as well as the nation's fight against the Japanese invasion and Chinese communists.

Li Teng-hui Donates Check; 'Envisions' Future

OW1601035195 Taipei CNA in English 0209 GMT
16 Jan 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Jan. 14 (CNA)—President Li Teng-hui said on Saturday [14 January] that the Taiwan he envisions for the future will be a democratic, efficient, and high-tech land with its people enjoying high living standards.

But Li said that whether or not the vision comes true depends on the people identifying with the land and remaining true to their Taiwan roots.

Li made the remarks when he was presenting a check of NT\$1 [New Taiwan dollars] million (U.S.\$38,168)—the royalties from his book, "Managing Great Taiwan"—to two foundations headed by Yuan T. Lue president of the Academia Sinica, to encourage the development of outstanding talent and to encourage talent now overseas to return home.

The 486-page book, printed by the Yuan-Liou Publishing Co., is a selected collection of Li's articles published over a period of 18 years. The book tries to depict, from a professional management angle, at Li's style of running government, according to Yuan-Liou Publishing Co. It documents his management style while running the Taipei city and Taiwan province governments, as well as after he became ROC president.

Before he donated his royalty check at the National Central Library, which was matched by a check to the same two foundations by Yuan-Liou Publishing, Li delivered a speech on "Managing Great Taiwan—My Vision of Taiwan in the Future."

In the speech, Li said that to build a democratic and efficient Taiwan, the judicial system needs to be reformed, and that to build a high-tech and industrially

advanced Taiwan, technology-intensive industry must be furthered and the island made into a regional operations hub.

He also said that Taiwan should become a new force and become the new center of Chinese culture, given that so many people from all parts of Mainland China have lived here for a long time, making the present population very pluralistic.

He called Taiwan a place where so many elites have converged and lived together for so long that a community feeling has formed, which will propel the country into the next century with a broader vision.

He said the Republic of China should not be regarded as a land awash in money or as a place with an outstanding economy, but rather as a land with a high quality of life where people are polite, genteel and law-abiding, and live in a harmonious and [word indistinct] refreshing environment.

He said that through peaceful exchanges between the two sides of the Taiwan Strait, mutual understanding between them should increase, which will help instill new life into Mainland China.

Japan Urged To Aid in 'Anti-Smuggling' Work

OW1301131295 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
12 Jan 95

[By reporter Chen Hsiu-ching in Hualien; from the "Hookup" program]

[FBIS Translated Text] On 8 January, an anti-smuggling patrol boat of the Huatung [Huadong] Company under the Seventh Security Police Group was chasing a smuggling boat in waters off the east coast. Although having achieved success in its action, the patrol boat mistakenly intruded into Japanese waters off Yonakuni-Jima, Okinawa Prefecture, causing concerns on the part of Japan.

To find out the whole situation, Director Yang Tzu-ching [Yang Zijing] of the Seventh Security Police Group went to Hualien [Hualian], where the Huatung Company is stationed, in the afternoon of 12 January. Demanding that his subordinates conscientiously implement the law, he also urged them not to neglect international public law. To avoid the recurrence of such an accident in which our anti-smuggling patrol boat intruded into Japanese waters, Director Yang Tzu-ching said, in an interview with the Central Broadcasting Station, that we already told Japan's representative, suggesting the exchange of information and cooperation in the work of cracking down on smuggling in international waters. Here is what Director Yang Tzu-ching said:

[Begin recording] We discussed this issue with Japan's relevant unit. We expressed our hopes to cooperate with them in cracking down on marine crimes. To avoid the

recurrence of such an unpleasant accident, we will communicate with Japanese patrol boats stationed in Yonakuni when we approach the islet at a certain distance during our pursuit. In this way, we can eliminate smuggling activities off the east coast. [end recording]

Will the Japanese side accept this suggestion? Well, negotiations are now under way.

Taiwan, Swaziland Sign Communique on Ties

*OW1701045195 Taipei CNA in English 0252 GMT
17 Jan 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Jan. 16 (CNA)—The Republic of China [ROC] and Swaziland signed a joint communique on Monday [16 January] pledging to continue promoting bilateral cordial ties.

Swaziland also promised in the communique to keep supporting the ROC in its drive to join the United Nations and other international organizations.

Swaziland was among the 12 countries that sent a letter to the UN General Assembly last year asking it to consider setting up an ad-hoc committee to study the exceptional situation of the ROC on Taiwan [sentence as received].

Foreign Affairs Minister Chien Fu sealed the communique on behalf of the ROC, while Swaziland was represented by Foreign Affairs Minister Solomon M. Dlamini. They also signed a new handicraft technical cooperation agreement, which will be effective for three years.

President Li Teng-hui later received Dlamini at the presidential office. Li told his guest that the ROC is willing to share its successful development experience with Swaziland, thus helping promote the well-being of Swazi people.

In return, Dlamini thanked the ROC Government and people for the assistance they have lent Swaziland.

Dlamini and his group will leave Taiwan on Tuesday.

Ministry Confident on Ties With Vatican

*OW1701035595 Taipei CNA in English 0229 GMT
17 Jan 95*

[By C. Tsai]

[FBIS Transcribed Text] Taipei, Jan. 16 (CNA)—Foreign Affairs Minister Chien Fu reiterated Monday [16 January] that ties between the Republic of China [ROC] and the Holy See are close.

Noting that he has great confidence in sustained cordial relations between Taipei and the Vatican, Chien called on people here not to worry themselves by speculating that the Vatican might cut off diplomatic ties with the

ROC in order to normalize ties with Mainland China. Roger Cardinal Etchegary, chairman of the Vatican's Pontifical Council for Justice and Peace, will arrive in Taipei on Wednesday for a five-day visit, Chien pointed out. In addition, he said, more ranking Vatican officials will also make trips to Taiwan this year.

Meanwhile Foreign Ministry Spokesman Ock Leng said at a regular press conference in the afternoon that the cardinal's visit will be strictly religious in nature, rather than political or diplomatic.

The ministry in June 1993 extended an invitation to the cardinal to visit Taiwan, but his trip to Taiwan has been delayed until this week due to his tight schedule, Leng pointed out.

The cardinal accompanied Pope John Paul [name as received] during the pope's four-day visit in the Philippines, the first leg of his four-nation 11-day Asia tour.

During his stay here, the cardinal will meet with President Li Teng-hui, Premier Lien Chan and Chien, Leng said.

Taiwan, Mainland Steel Industry Exchanges Urged

*OW1301131395 Taipei CNA in English 0939 GMT
13 Jan 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Kaohsiung, Jan. 13 (CNA)—Economic Affairs Minister P.K. Chiang Friday called for closer exchanges between Taiwan and Mainland China on steel processing technology and marketing, noting that the Asia-Pacific region is developing into the world's iron and steel industrial hub.

Addressing the 1995 Cross-Taiwan Strait Iron and Steel Industrial Development Seminar at National Sun Yat-sen University in the southern port city, Chiang said Taiwan's steel industry can offer its world-heralded production technologies, affluent capital and marketing experience to its mainland counterpart so as to further help upgrade the iron and steel industry across the Taiwan Strait.

More than 200 iron and steel industrialists and academics from Taiwan and Mainland China opened the meeting Friday at the university to exchange views on Taiwan's steel industrial development, complementary efforts which would mutually benefit steel industries from both sides and prospects for Taiwan investment in Mainland China.

The meeting, considered to be a major brainstorming session for "steel men" from across the Taiwan Strait, is sponsored by the China Steel Corp., National Sun Yat-sen University and COMMERCIAL TIMES.

Delegates from the mainland included Liu Yunchang, director of the China National Metallurgical Research

Center and Professors Lu Taihong and Li Shanmin from Zhongshan University in Guangzhou. Executive officials from leading mainland steel companies, including Baoshan Iron & Steel Complex Corp., Shaugang Corp, and Anshan Iron and Steel Company have also been invited to attend annual meetings in Taipei.

In a keynote speech to the opening session, China Steel Chairman Wang Chung-yu said there is ample room for Taiwan and Mainland China to further expand the cooperative sphere with Taiwan's rich productive experience and technologies and the mainland's abundant skilled manpower in the industry.

Taiwan iron and steel investments have increasingly penetrated the Chinese mainland, Wang said. In Zhujiang delta in southern China alone, he said, more than 200 Taiwan-invested iron and steel-related factories are operating in the area with investment capital ranging from US\$1 million to US\$10 million.

A majority of iron and steel-related industries in Taiwan which are also labor-intensive, including the bicycle, umbrella, hardware, screw, nut, steel wire and steel plate processing industries have relocated in the mainland. They moved their complete production lines, including up-stream, mid-stream and down-stream manufacturing plants, to the mainland, Wang elaborated.

If you cannot beat the trend, you join it, Wang said, referring to China steel's policy to continue, although indirectly, supplying iron and steel raw materials to the Taiwan companies in the mainland on one hand, and strengthen cooperation and exchanges with mainland counterparts on the other as part of an effort to seek mutually beneficial goals.

The state-run China Steel, which set up a mainland iron and steel industry research team in 1978, is poised to further show off its muscle in the mainland after it completes privatization.

Source on Future Meetings Between Li, Jiang

OW1601055895 Taipei CHUNG-YANG JIH-PAO
in Chinese 5 Jan 95 p 1

[FBIS Translated Text] Guided by its Taiwan policy, which focuses on strengthening cross-strait economic exchanges, the Chinese Communists will spare no efforts in facilitating the third Chiao [Jiao]-Tang talks, the second Wang-Ku [Gu] talks, and the first meeting between President Li Teng-hui and Chiang Tse-min [Jiang Zemin] this year. According to a well-informed source, Chinese Communist officials are studying the feasibility of leaders of both sides leading delegations to attend unofficial meetings such as the World Chinese Entrepreneur Assembly at the same time.

He said: The Chinese Communists' stand on meetings between Li Teng-hui and Chiang Tse-min is to avoid international occasions such as international conferences. The Chinese Communists will not avoid their

meetings at a third place or a place determined by both sides after consultations. He said Singapore would be the best location, and it is very possible that they will meet this year.

In addition, to facilitate the third Chiao-Tang talks and the second Wang-Ku talks, the Chinese Communists postponed the council meeting of the Association for Relations Across the Taiwan Strait that was scheduled to be held on 16 December. So far, the Chinese Communists have completed preparations for the third Chiao-Tang talks that will be held in January.

The well-informed source said: Because the Chinese Communists will hold the third meeting of the Eighth National People's Congress beginning 5 March and the meeting will last for about half a month, it is not likely the second Wang-Ku talks will be held in March. The earliest date for their meeting will probably be in April. At that time, Chinese Communist leaders probably will meet with Ku Chen-fu.

Confederation Predicted for Future PRC Ties

OW1701021195 Taipei CNA in English 0155 GMT
17 Jan 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Jan. 16 (CNA)—A Kuomintang legislator on Monday [16 January] drafted a scenario for future ties between Taiwan and Mainland China, saying the two sides could gradually become loosely confederated in most areas other than politics.

"Both sides should make some adjustments from their present positions," Wei Yung said at the second day of the two-day Taipei roundtable conference on "divided nations in a comparative perspective."

Beijing has to give Taipei greater room in the international community and must recognize the ROC Government's rule over Taiwan, and also must make concessions in its pursuit of a unified China, Wei said.

Taiwan, on the other hand, should maintain the stability of the Taiwan strait by reassuring Beijing it intends to travel the path toward unification in its efforts to rejoin the international community.

Taiwan eventually may declare itself part of Mainland China culturally, economically, historically and geographically, but will insist on remaining an independent political entity, Wei predicted.

Beijing has proposed a "one country, two systems" formula for a Taiwan under Beijing rule, an offer outright rejected by Taipei because the plan sees the Government of the Republic of China [ROC] as strictly provincial.

Comparing and contrasting the Beijing formula with his theory of a "multi-system nation," under which Taiwan would be independent politically in a unified China, Wei

said part of the theory has been adapted into the Chinese communist offer, but that the Chinese communist theory does not recognize Taiwan's international status.

Wei, a political science professor at national Chiao Tung University, previously served as chairman of the cabinet-level Research, Development & Evaluation Commission.

He called for more international attention to be paid to the problems of divided nations. "More heed should be paid to international trends, and an international law should be drafted to handle related issues," Wei urged.

Preparations Ongoing for Post-Deng Era

HK1401052995 Hong Kong MING PAO in Chinese
14 Jan 95 p A2

[By staff reporter Lai Hsiu-ju (6351 4423 1172) from Taiwan: "Taiwan Authorities Wait and See Changes, Making Preparations for Issuing Post-Deng Statement"]

[FBIS Translated Text] As reports about Deng Xiaoping's poor health are heard frequently, the Taiwan authorities have paid special attention to Deng Rong's remarks, which were reported yesterday [13 January]. Officials in the Presidential Office were not in a convenient position to make any official comment, but some scholars close to President Li Teng-hui have often considered the prospects of Taiwan-mainland relations in the post-Deng period, and the spokesman's office has been preparing a possible statement for the "coming of the post-Deng period."

A political scientist, who was not willing to have his name revealed, said that the rare photo recently released from the mainland fully showed the poor condition of Deng Xiaoping's health, but, Taiwan's Presidential Office would not make any official comment before the CPC authorities officially announce Deng's death. As he knew, however, the supreme authorities in Taiwan have concluded that the distribution of power in the mainland for the post-Deng period will soon come to an end because they have begun to release some information about Deng's condition to the outside world. However, the scholar did not express optimism about the interactive relationship between the two sides of the Strait in 1995. He said: The appointment of Hsiao Wan-chang as director of the Executive Yuan's Mainland Affairs Committee shows that the interactive relationship between the two sides will stress the market economy in reality, but Taiwan's arrangements have become more prudent, and cross-strait relations will be handled more subtly. This is because Taiwan expects that after Deng's death, the conservative forces on the mainland are very likely to rise and the mainland may take a tough approach to Taiwan.

Some time ago, according to reports, the Presidential Office discussed how Taiwan should react once Deng Xiaoping's death is confirmed. A government official, who is a member of the "Cheng Chung Hua [6774 0022 2901] Group" composed of officials from the intelligence and security institutions, admitted that such questions were

discussed from time to time so that the reaction scheme could be revised in order to meet the sudden happening of the event.

It is said that members of Cheng Chung Hua Group—who often write and publish articles commenting on cross-strait relations—include members of the National Reunification Committee, officials in the intelligence and security institutions, scholars, and officials close to President Li Teng-hui. They have gathered from time to time recently in order to exchange information and study the mainland situation so as to advise Li Teng-hui.

The official spokesman of the Presidential Office said yesterday, however, that Deng Rong's remarks quoted by THE NEW YORK TIMES did not indicate that it was time for Taiwan to make any reaction, so Taiwan would continue to wait and see quietly.

Tiger Conservation Campaign Kicks Off

OW1701024595 Taipei CNA in English 0203 GMT
17 Jan 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Jan. 16 (CNA)—The Council of Agriculture (COA) on Monday [16 January] guaranteed a donation of NT\$250,000 [New Taiwan dollars] (US\$9,470) to a private organization that is sponsoring an Asian bicycle ride by three Americans to raise awareness for tiger conservation efforts.

Under the Beautiful Taiwan Foundation's "tiger ride," three Americans—photographer Meg Paar and travel writers Morgan Paar and Oliver Hack—will spend 15 months pedaling through 15 tiger reserves in India, Butan and Nepal.

While there, they will "gather information regarding tiger conservation and seek opportunities that allow Taiwan to participate in international tiger protection efforts," said Ted Ting, president of the Beautiful Taiwan Foundation.

COA Chairman Sun Ming-hsien pledged the money while meeting with Ting and the three Americans. "The program will be instrumental in the exchanges of international conservation," Sun said. Sun also promised to put up another NT\$250,000 from the private sector to finance the activity.

He said he hopes the three Americans, who head for India on Tuesday, will help make Taiwan's conservation efforts better known to the world through newspaper articles.

In August, the U.S. banned a range of Taiwan wildlife products, including live goldfish and tropical fish, feathers from certain species of birds, edible frogs and items made from reptile skin, to punish Taiwan for its continued trade in rhino horns and tiger parts.

The Legislative Yuan later passed amendments to the Wildlife Protection Law, increasing penalties for trade in endangered species and products gotten from such wildlife.

Hong Kong

Airport on 'Alert' Due To Terrorist Threat

HK1601045095 Hong Kong EASTERN EXPRESS
in English 16 Jan 95 p 1

[By Marnie O'Neill and staff reporters]

[FBIS Transcribed Text] Kai Tak Airport is on full alert after terrorist bomb threats grounded one aircraft and stopped another from landing in the territory over the weekend.

Security measures were stepped up after it was revealed that a United Airlines flight from Hong Kong to San Francisco with 193 passengers on board had to be evacuated and searched just before take-off at 9pm on Saturday.

All baggage on board UA flight 836 also was removed and searched amid fears that a bomb had been planted by Islamic fundamentalists who have targeted United States airlines flying Asian routes.

The security scare came just hours before two similar alerts also involving UA aircraft in Asia.

A UA flight from Tokyo bound for Hawaii was forced to turn back to Japan after warnings that there was a bomb on board. In a separate scare, a UA flight bound for the territory from Los Angeles was forced to turn back minutes after take-off from Taipei.

The airline received a telephone threat at its US headquarters and the crew was ordered to turn the aircraft around.

It was searched for a "liquid bomb". Nothing was found, according to the Taiwan authorities.

The Civil Aviation Department and airport police confirmed that Saturday's Kai Tak flight was stopped and a Government Information Services spokesman said passengers were accommodated in hotels before flying out on another United Airlines flight yesterday.

The evacuation and search was sparked by a warning from UA headquarters in Chicago. A company spokesman confirmed that the aircraft had been searched. It is understood authorities feared that the flight could be a bomb target of Filipino Islamic extremists bent on disrupting Pope John Paul's visit to the region.

It is believed that flight UA836 received a warning similar to that about the flight that returned to Taipei.

Nothing was found on board the stopped aircraft. A Kai Tak security source said: "The baggage was searched as was the plane, but nothing was found." The Director of Civil Aviation, Peter Lok, said he was "aware" of the scares but refused to comment further for "security reasons".

The US Federal Aviation Administration has issued an immediate ban on the loading of aerosols, bottled gels and containers of liquid holding more than 30 millilitres on US airlines departing from Manila.

An FAA spokeswoman said the same restrictions will apply to "certain" other Asian airports that she declined to name.

It is understood that all Kai Tak staff are being carefully screened.

Lu Ping Insists Civil Service Data Should Go To Beijing

HK1501074395 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 15 Jan 95 pp 1, 2

[By So Lai-Fun in Beijing]

[FBIS Transcribed Text] China's top Hong Kong official yesterday blasted the Government's refusal to provide Beijing with personal information on top civil servants. Hong Kong and Macao Affairs Office director Lu Ping said it would hinder Beijing's ability to appoint the principal officials who will serve after 1997. "The central Government cannot possibly appoint the principal officials with our eyes closed," he said in a strongly-worded attack during a break in Preliminary Working Committee (PWC) meetings in Beijing. "We must have all the details."

The Hong Kong Government currently insists it will only supply the details to the future Chief Executive, who will head the government of the Special Administrative Region (SAR) and be chosen in late 1996. But Mr Lu warned this was not enough: "If the Hong Kong administration only hands over the information to the SAR Government, this will affect the (Chinese) central Government in considering the appointment of principal officials who are currently civil servants."

His comments are a major blow to Governor Chris Patten's attempts to isolate the PWC and forge direct ties with the Chief Executive instead. They may even force Government House to abandon this strategy, although officials insisted yesterday there were no plans for a rethink.

Under the Basic Law, the Chief Executive will nominate the top officials who will serve after 1997. But their appointment is a matter for Beijing, although, until recently, it was thought this would be little more than a formality.

Mr Lu denied Beijing's latest demand would damage the morale of local civil servants. It would be more demoralising, he said, if those who now hold senior posts in the civil service lost the chance to become principal officials in the post-1997 administration because Beijing was barred from receiving information about them.

His comments follow a recent attack by Xiao Weiyun, mainland co-convenor of the PWC's political sub-group,

on Britain's refusal to hand over the information. Mr Lu said any failure to deliver details of civil servants and of Government assets was tantamount to a "severe violation" of the Sino-British Joint Declaration. No "private transfer" should be made between the Hong Kong Government and the SAR administration, he said. Since Hong Kong was to revert to Chinese sovereignty, all information must first go to the central Government, which would then hand it over to the SAR Government. Mr Lu said China knew how to handle such confidential information, and only a few senior officials would be allowed to see it. "We will not publish it in the newspapers, so the scope (for inspection of the personal information) would be very small," he said.

In Hong Kong yesterday, officials denied Mr Lu's outburst would embarrass Mr Patten by forcing him to abandon his goal of working directly with the Chief Executive, which was the main focus of last October's policy address. Government House spokesman Kerry McGlynn said there was no question of backing down on their refusal to supply personal information on civil servants directly to Beijing, but discussions were possible on other matters. "We're in no way precluding a dialogue on civil service transitional issues," he said.

Also in Beijing yesterday, Hong Kong and Macao Affairs economic chief Zhang Liangdong brushed aside last week's public apology by Jardines, in which Managing Director Alasdair Morrison expressed "regret" for any offence the company had caused Beijing. Mr Zhang hinted China felt the British company was too closely involved in Hong Kong politics. "If a firm involves itself in commercial activities, people will judge it from a commercial perspective," he said. "But if it indulges itself too much in political activities, people naturally will judge it from a political perspective. We hope foreign investors can make a success in their development, but at the same time, they should contribute to the social stability and economic prosperity of the place."

Meanwhile, the PWC economic sub-group concluded a two-day meeting in Beijing with its members unable to reach agreement on the Government's proposed North-West New Territories railway. Hong Kong co-convenor Nellie Fong Wong Kut-man said the issue should be discussed in the Sino-British Joint Liaison Group as soon as possible.

Patten Warns Lu on Remarks

HK1601045295 Hong Kong EASTERN EXPRESS in English 16 Jan 95 p 2

[By Jimmy Cheung]

[FBIS Transcribed Text] The Governor, Chris Patten, yesterday issued a stern warning to his Chinese counterpart for his "demoralising" remarks on the transition of the civil service.

In response to attacks by China's top official on Hong Kong affairs, Lu Ping, over the Government's alleged

refusal to pass information on civil servants to Beijing. Patten said Lu was jeopardising a smooth transfer.

"I do think I say this in the most moderate way: I do think people should be rather careful about the consequences of what they (Chinese officials) say," Patten said.

Lu had lashed out at the Government for "severely violating the Sino-British Joint Declaration" by refusing to provide Beijing with information on its top officials, saying it hindered the appointment of key positions in the post-1997 administration.

Lu's remark stemmed from similar criticisms made earlier by the Beijing-appointed panel overseeing Hong Kong's transition, the Preliminary Working Committee.

"It's not helpful to make remarks which make some civil servants worry about the future," Patten said.

"We all have to be very careful of what we say. Reinforce the civil service morale rather than the reverse."

He demanded that Lu stop beating about the bush and be "more specific" about what information he was expecting.

"Let's be absolutely clear what is required and I'd like to be clear as to how more than we've provided would be good for the civil service in Hong Kong," Patten said. The Governor's remarks are expected to infuriate the Chinese authority, which complained that Britain was hiding sensitive information. But the Governor pledged that Beijing had already been given details on senior officials and information on the Government hierarchy.

"What more does anyone want and why should people be talking about sending to Beijing information which we wouldn't dream of sending to London and which London wouldn't dream of asking for?"

It was difficult to find civil servants who were in favour of giving more than the Government had already provided, he added.

Lu attacked the Government for refusing to pass information on the civil service at a panel meeting of the PWC on Saturday.

"According to the Joint Declaration, the British Government will have to hand over Hong Kong to the Chinese Government on July 1 1997, which will then endow the Special Administrative Region government the power of implementing a high degree of autonomy," Lu said.

"The British Government should hand over all the archives, documents and assets belonging to the Hong Kong Government to the Chinese government. The Chinese government will then pass all SAR-related information to the SAR government. This is stipulated by the Joint Declaration. The British government must not get around this."

Lu denied that this would affect civil servants' morale.

"We must have knowledge about all of them (senior civil servants)," he said. "We can't make appointments with our eyes closed. If such information is not passed to us, appointments of senior officials will be affected after the 1997 handover."

Lu said Beijing would not release such information to newspapers.

Patten Urged To Provide Files

OW1601062795 Beijing XINHUA in English 0617
GMT 16 Jan 95

[FBIS Transcribed Text] Hong Kong, January 16 (XINHUA)—A senior Chinese official Sunday [15 January] urged Hong Kong Governor Chris Patten to hand over the service files on top civil servants to the Chinese Government.

At a ceremony to mark the anniversary of a local photographic society held on Sunday Evening, Zhang Junsheng, Deputy Director of XINHUA NEWS AGENCY Hong Kong Branch, said that the Chinese Government has to have access to the files when it appoints officials at department level after June 30, 1997.

He said that Chris Patten should abide by the Sino-British Joint Declaration on the Question of Hong Kong and refrain from creating difficulties and chaos for the smooth transition of Hong Kong.

Responding to Patten's words that the files are not sent to the British Government, Zhang said that Patten himself represents the British Government in Hong Kong and he had access to the files before he made decisions to appoint officials.

On Patten's claim that the service files might involve some information about individual privacy, Zhang said that he did not know if the British Hong Kong Government had kept information on individual privacy in files on top civil servants.

As for the Chinese Government, he said, there is no need for it to learn the information on individual privacy in its approval of the appointments of department officials of the Hong Kong SAR Government.

Editorial Views Data Issue

HK1501074595 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 15 Jan 95 p 12

[Editorial: "Suspensions Raised Over Need for Files"]

[FBIS Transcribed Text] It was a worthy notion for Governor Chris Patten to show his sincerity about co-operating with China by offering to work with Hong Kong's future Chief Executive, while continuing to shun the Preliminary Working Committee. But Mr Patten's plan, which has been at the core of his new strategy for dealing with China ever since he unveiled it during last

October's policy address, now seems certain to suffer the same fate as virtually everything else he has proposed to Beijing over the past two-and-a-half years.

That much became clear yesterday, when Hong Kong and Macao Affairs Office chief Lu Ping angrily denounced the administration's refusal to give personal information on Hong Kong's top civil servants to Beijing, rather than to the post-1997 Chief Executive, which Mr Patten insists on doing. Mr Lu said it was necessary for Beijing to see files on Hong Kong officials because it will be the Central Government which appoints the top mandarins in the territory after 1997—on the recommendation of the Chief Executive, of course.

It was an attack that is bound to set alarm bells ringing within the civil service where many will worry over what China wants the personal files for. Beijing may justifiably argue its sovereign right to vet all appointments to the upper echelons of an administration that will be part of China after 1997. After all, London currently has to approve all appointments at policy secretary rank or above. And Beijing's right to do likewise, in future, is enshrined in the Basic Law.

While no one worries about Britain abusing the information it is given to assess such appointments, passing personal details to Beijing is a very different matter. China's wanted lists of dissidents as well as its recently-revealed blacklist of 49 exiles, have repeatedly shown how easily information acquired by one arm of the mainland state apparatus can be misused by another.

Mr Lu will have to offer firm reassurances that any information passed over to Beijing on Hong Kong civil servants will not be abused. To ensure this, stringent guarantees of confidentiality will be needed if the already alarmingly high exodus rate of civil servants before 1997 is not to accelerate.

For Mr Patten, the prospect of passing over files will be unacceptable, but it is almost inevitable that such information will eventually have to be handed over. Beijing will need to know more about those who run the administration after 1997, if it is to understand why Hong Kong's civil service is among the most efficient, dedicated and well-respected. As things stand, after Mr Lu's comments yesterday, any China-appointed Chief Executive will have little choice but to refuse the confidential files that Mr Patten may offer for his eyes only, or pass them straight to Beijing.

At this late stage in the transition, Britain may have few cards left to play while China can simply block any improvement in relations until the Governor gives way on this point. That is why Mr Patten may well have to rethink his views on the matter. Beijing too will have its role to play if it wants Hong Kong's civil servants to stay beyond 1997, as it insists it does.

Guarantees of confidentiality are only the first step. Better still would be to appoint a serving or former civil

servant as Chief Executive who has the trust of those within the administration and among the populace. This would go a long way towards allaying any suspicions about personal files being in Beijing's possession.

Mainland officials are already toying with the idea. Certainly there is no shortage of contenders from Chief Justice Sir Ti Liang Yang to former Secretary for Education and Manpower John Chan Cho-chak to Chief Secretary Anson Chan Fang On-sang. A signal now that this is Beijing's intention will go a long way to ease the growing fears within the civil service about the future.

Patten Challenges China Over Hong Kong's Future

MS1501103895 London *THE OBSERVER* in English
15 Jan 95 p 18

[Report by Catherine Field incorporating interview with Hong Kong Governor Chris Patten: "China Chaos Fear Gives Hong Kong New Year Blues"]

[FBIS Transcribed Text] Hong Kong—The run-up to the Lunar New Year is traditionally a sweet, family occasion, when hard-working Chinese go on a festive binge, exchanging wishes for health, prosperity and a trouble-free life. Yet, as Hong Kong prepares for the Year of the Pig, the mood is sombre: no one can escape the news of illness, the sense of lost wealth and looming chaos.

In the span of a few months, a cloud of uncertainty has settled over the territory as it becomes aware of its economic dependence on China and on the Beijing barons who are squabbling over the succession to their dying chieftain, Deng Xiaoping.

Last week the stock market slumped 5.6 per cent to its lowest point in 16 months as investors sold. The Hong Kong dollar fell to an 18-month low against the US dollar, prompting the government to spend hundreds of millions of pounds propping up the currency. The middle classes, tied to breathtakingly large mortgages, saw property values sink 15 per cent.

Hong Kong Governor Chris Patten has watched bemused as the last major vessel of Britain's colonial fleet has run into a storm. In an interview with *The Observer* last week, he made clear that the cause of much of Hong Kong's angst lay with Beijing where manoeuvring among the men at the pinnacle of power has left China unwilling to make tough decisions on the territory's future.

'The reassurance has to come in words and deeds from the Chinese side,' said Patten. 'Sovereignty changes at midnight on 30 June 1997. We have done and will continue to do all that we decently and honourably can to secure Hong Kong's future... but we can't answer questions which touch on Chinese policy and Chinese motives, Chinese perceptions.'

Patten challenged Beijing to break the policy gridlock and address the fears of Hong Kong's six million people.

There are now fewer than 900 days to go. Yet China has proposed no safeguards for the continuation of Hong Kong's lifestyle—a free press, independent judiciary, fair elections and a powerful legislature, an honest civil service and relatively graft-free police. Britain's proposals on these issues have run into footdragging or outright veto.

'Why are people nervous?' asked Patten. 'Not because of anything we are going to do between January 1995 and the end of June 1997. People are worried about beyond that.'

A year ago, Patten, the former Conservative Party chairman, was the caped crusader of newspaper cartoons who fearlessly pushed through electoral reform. The stock market hit records and Asia's economic miracle seemed unstoppable.

Since then transition issues have come between future and present master. Last August, in retaliation for widening the democratic franchise, Beijing passed legislation allowing it to scrap all Hong Kong's government bodies in 1997; two months later it announced plans for a provisional appointed legislature to replace the elected representatives on the first day of handover.

Today the same cartoonists show Patten as a rather sad, impotent crusader, his cape tattered, his face crisscrossed with sticking plaster.

Chinese officials have responded to his urgings with waspish 'we'll do it our way' remarks. Yet their 'way'—corruption, brutality and secrecy—has deeply unsettled the territory.

A chief cause of Hong Kong's plummeting confidence has been the murkiness surrounding the state of Deng—architect of China's economic revolution and the principle of 'one country, two systems' enshrined in the 1984 declaration that set out Hong Kong's future after the handover.

Patten is perturbed at the jockeying for power in Beijing. 'I hope they understand that one country, two systems must mean what it says—not one country, one-and-a-bit systems,' he said.

One of the ironies is that Deng in 1984 proclaimed China's right to seize Hong Kong by force if chaos broke out there. Yet no one has suggested what should be done for Hong Kong if chaos was to break out in China.

Patten becomes disingenuous when asked about this: 'I've made rather a speciality of not answering hypothetical questions. China has come a very long way since 1979, and I hope that will continue.'

'Discrepancy' Seen in Final Appeal Court Bill

HK1401064495 Hong Kong *HONGKONG STANDARD*
in English 14 Jan 95 p 1

[By Flora Wong]

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[FBIS Transcribed Text] "Some discrepancy" between the content of the Court of Final Appeal Bill and the Sino-British pact reached on the subject by the Joint Liaison Group (JLG) in 1991 is unlikely to be resolved soon. A British source yesterday said the Chinese side had not responded to the bill sent to them last May. "Whether it is acceptable or it is unacceptable, there is only silence from them," the source said.

Though the final appeal court was on the JLG meeting agenda, no progress was made on the issue at last month's London session. A Chinese official here said their side had yet to study the bill very carefully. He said some discrepancy existed between the draft bill and the 1991 agreement, but declined to identify it. The 1991 Sino-British agreement provides that only one overseas judge will be allowed on the final appeal bench at any one time. The draft bill appears to stick to this tenet, which is the centre of a raging controversy among lawyers and legislators.

The Chinese official said the British government was responsible for "implementing the whole agreement". The Hong Kong government, in the meantime, does not appear willing to bow to demands that it lift the restrictions on the number of foreign final appeal judges. Officials said the government would have few options but to withdraw the bill if it was amended by the Legislative Council in a way that breached the British agreement with China.

The Law Society will hold a special meeting this Sunday to vote on whether it should support the government's draft bill.

Zhu Rongji Meets Hong Kong Banker

OW1301145895 Beijing XINHUA in English 1443
GMT 13 Jan 95

[FBIS Transcribed Text] Beijing, January 13 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Lee Quo-Wei, chairman of the board of directors of Hang Seng Bank Limited, of Hong Kong, and other contributors or representatives of the Ho Leung Ho Lee foundation here today.

Also present at the meeting were the trustees of the foundation, members of the award assessing committee and the scientists who won awards from the foundation.

Song Jian, State Councillor and minister in charge of the State Science and Technology Commission, was present at the occasion.

The Ho Leung Ho Lee Foundation was founded in March 1994 to encourage scientists to contribute to China's progress.

The founders were Lee Quo-Wei as well as Ho Sin-Hang, honorary chairman of the Hang Seng Bank Limited, the bank's veteran directors Leung Kau-Kui and Ho Tim. Each of them donated 100 million HK dollars to the foundation.

Law Society Supports Government Stance on Court

HK1601045195 Hong Kong EASTERN EXPRESS in English 16 Jan 95 p 1

[By Mary Luk]

[FBIS Transcribed Text] The Law Society council last night won a landslide victory when a majority of solicitors voted to support its stance on establishing the court of final appeal (CFA) as soon as practicable before 1997.

A total of 1,028 society members voted for a fourth resolution—proposed by the society's former president Donald Yap, now a council member—that supported the Government's draft bill on the CFA. At the society's extraordinary general meeting at the Queen Elizabeth Stadium, 630 lawyers attended and 1,211 voted by proxy. About 75 per cent of the proxy votes were in support of the council's resolutions.

The legislator Simon Ip said after the meeting that he will propose a solution based on the members' votes to the Legislative Council.

"The argument revolving around the issue is how to interpret article 82 of the Basic Law so that it is consistent with the Joint Liaison Group [JLG] agreement," Ip said. He believes his solution will satisfy all parties, but refused to give details.

Five resolutions were offered at the meeting and members were allowed to vote on more than one.

The fifth resolution—proposed by the society's vice-president, Patrick Sherrington—won the second highest tally of 871. It proposed amendments to the bill that were consistent with the society's understanding of the JLG agreement on fixing the ratio of local and overseas judges at four to one. The first, second, and third resolutions proposed by Albert Ho, Yolanda Fan and John Chan won 746, 703 and 754 votes respectively. The resolutions were not carried because more than 800 voted against each of them.

Ho, Fan and Chan were among a group of rebel solicitors who objected to the council's opinion that the bill and the JLG agreement were consistent with the Basic Law.

The Director of Administration, Richard Hoare, said the Government will find it easier to convince legislators and the public to accept the bill with the support of a majority of lawyers.

He said the society's views and its proposed amendments will be submitted to the Executive Council for consideration.

The society president, Roderick Woo, said the results should not be seen as a split within the society.

Beijing Considers Status of Human Rights Groups*HK1601054095 Hong Kong MING PAO in Chinese 16 Jan 95 p A4*

["Special report" by Tu Fu-liang (2629 4395 5328): "Chinese Official Reveals That Activities of Some International Human Rights Organizations in Hong Kong Might Be Banned After 1997"]

[FBIS Translated Text] A Chinese official has told MING PAO that some of the existing 30 international organizations concerned with human rights, workers' rights and interests in Hong Kong may be banned after 1997, because they may not come into line with the relevant provisions of the Basic Law and may be regarded as political organizations with overseas connections.

Recently, the Hong Kong and Macao Affairs Office of the State Council issued a statement which strongly opposed a European Parliament plan to set up a committee to monitor workers' rights and interests in Hong Kong. Although some members of local human rights organizations in Hong Kong regarded this as an overreaction by the Chinese authorities, the future of such organizations remains uncertain. Chau Chan-kei, a lawyer in Hong Kong, said that this question was in a gray area and was contingent on the future political atmosphere.

Chau Chan-kei, who has studied the transition of the legal system in Hong Kong, agreed that a relaxed criterion should be adopted so that nonofficial international human rights organizations may continue their work in Hong Kong after 1997.

At present, most international human rights organizations in Hong Kong are registered as nonprofit-making corporations with the Hong Kong Government and are not regarded as political organizations. However, the Chinese Government, which is always extremely sensitive about human rights issues, may hold a totally different point of view. According to Article 23 of the Basic Law, if an organization is considered as a political organization, its activities are subject to constraints and may even be banned.

The Basic Law stipulates that foreign political organizations and groups are prohibited from carrying out any political activity in Hong Kong, and it also bans relations between local political organizations and foreign political organizations.

A Chinese official said that although the category of political organizations does not exist in the Hong Kong Government's register at present, he still believed that some international human rights organizations are actually conducting political activities in Hong Kong and that this will be subject to the constraints of the Basic Law.

The official was not willing to name organizations which are regarded by the Chinese authorities as international

human rights organizations of a certain political character. He said: To determine whether an organization is a political organization, one should look at the founding purposes of that organization. He added that a concrete legal definition will be formed by the special administrative region government.

At present, there are more than 30 international human rights organizations in Hong Kong, and some of them often criticize China's human rights conditions. Their activities include releasing materials about the Chinese Government's abuse of human rights in Tibet and torture of political prisoners. Therefore, their activities are regarded by the Chinese authorities as interference in China's internal affairs.

Those regarded by the Chinese authorities as hostile human rights organizations include Human Rights Watch, headquartered in New York, and Amnesty International, which is based in London. They are both rather active in Hong Kong. Therefore, as Chau Chan-kei said, the possibility of their continuing presence in Hong Kong after 1997 will depend on the political atmosphere then.

When asked by MING PAO, responsible people in the organizations all strongly denied that they were political organizations. Robin Munro, chief executive of Human Rights Watch (Asia), said that the legal definition and founding principles of his organization both clearly showed that it was not a political organization, otherwise, its public credibility would be harmed and its role of monitoring human rights would be affected.

Chiu Sin-wing, deputy director of the Hong Kong Branch of Amnesty International, said that his organization was indeed occasionally involved in such activities as collecting signatures in the street, but this did not affect its nature as a nonpolitical organization.

Chiu said that his organization was not only free from politics, but also had adequate rules on preventing donations it collects from being influenced by any political force. The organization will only accept unconditional donations, and each single donation cannot exceed 10 percent of the total donations it accepts.

Although the human rights organizations have their own rules on not getting involved in politics and have confidence in their continuing presence in Hong Kong, it is still hard to say whether they will still be able to continue to exist in Hong Kong after 1997. Chiu Sin-wing said: "This will depend on how the SAR Government defines and interprets the term 'political organization.'"

Little Confidence Seen in Two-Systems Policy*HK1401062895 Hong Kong EASTERN EXPRESS in English 14 Jan 95 p 2*

[By Michelle Murphy]

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[FBIS Transcribed Text] Nearly 80 per cent of youngsters in Hong Kong do not know what the two systems concept in the "one country, two systems" is, according to a survey. Their counterparts in Beijing and Guangzhou, however, proved to be more politically aware with 80 per cent of them answering "capitalist and socialist systems".

More than 1,500 people aged 15 to 29 responded to questions on "nation and ethnicity" in Hong Kong, Beijing and Guangzhou for a study organised by the Hong Kong Federation of Youth Groups.

The survey found that only 36 per cent of the Hong Kong respondents have confidence in the one country, two-systems policy. In Beijing, 60 per cent of the respondents are confident that the policy will work and in Guangzhou the figure is 70 per cent.

Hong Kong respondents believe that China's economy will gain the greatest benefit from the 1997 handover while mainland respondents feel that the dignity of the Chinese will be the biggest winner.

The survey also found that Chinese youths were more patriotic than Hong Kong youths. The survey showed that while half of the Hong Kong respondents are proud of being Chinese, more than a third are not, while up to 90 per cent of Guangzhou and Beijing youngsters are proud of their nationality and culture.

The executive director of the Hong Kong Federation of Youth Groups, Rosanna Wong, recommended more youth exchanges to help citizens have a greater understanding of one another.

PWC Seeks Official Presence at Meeting

HK1401062795 Hong Kong EASTERN EXPRESS in English 14 Jan 95 p 1

[By Rain Ren in Beijing]

[FBIS Transcribed Text] The Governor, Chris Patten, faces a new challenge from the Beijing-appointed Preliminary Working Committee (PWC): the Government has been asked to send an official or expert to attend a PWC meeting next month.

The PWC's economic group decided yesterday to hold a half-day meeting on February 17 in Beijing regarding the Hong Kong Government's various Victoria Harbour reclamation projects. According to the group's Hong Kong leader, Nellie Fong, the meeting will be attended by experts from the mainland and Hong Kong. The PWC reached a consensus that it was "useful" and "necessary" for a Government official or expert familiar with reclamation projects to appear at the meeting. It would not be "practical" merely to submit a written report on the issue, since "discussion" would be needed, she said. Fong said the group wanted Government officials or experts to explain the Government's plans for future reclamation projects.

A Government spokesman said the Government will await clarification about the meeting. "It is not immediately clear what the status of this proposed meeting will be," the spokesman said. "I trust it would be clarified in any correspondence with the Government, but the Chief Secretary has issued clear guidelines on our relations with the PWC. We have also made it clear in the past we will not have our civil servants summoned to appear before the PWC in Beijing or, for that matter, PWC meetings by another name," he said. The Government has rejected a request by the PWC to summon Gordon Siu, the Secretary for Economic Services, to go to Beijing to brief the group on the Government's draft bill on the future airport authority.

Fong said yesterday that next month's PWC meeting will not be formal, but one designed to "exchange views" with experts. The invitation will be sent soon to the Hong Kong Government in the name of the PWC, Fong said.

According to the group's mainland leader, Gao Shangquan, the group was concerned about whether or not the Government's various sea reclamation schemes would undermine Hong Kong's advantage in its shipping industry and its environment. "We are worried that Hong Kong will eventually lose its advantage in Victoria Harbour, if the harbour will continue to be narrowed," Gao said.

HKMA Praised for Currency Intervention

HK1401062695 Hong Kong EASTERN EXPRESS in English 14 Jan 95 p 1

[By Cynthia Li and Adrian Kennedy]

[FBIS Transcribed Text] Speculators yesterday attacked the Hong Kong dollar in a frenetic day that saw a second day of heavy money market intervention by the Hong Kong Monetary Authority (HKMA). Friday the 13th saw a severe withdrawal of funds from the money market by the authority. As a result, the overnight interbank lending rate shot up to touch 13 per cent, well above the Liquidity Adjustment Facility rate, the discount rate. Normally the overnight rate stays within the pre-set range of 3.75 to 5.75 per cent. Because of the intervention the Hong Kong dollar strengthened to \$7.7485 against the United States dollar, from \$7.7580.

The authority withdrew \$5.99bn [billion] at one stage yesterday morning and as a result the account of the exchange fund in Hong Kong Bank recorded a negative \$2.5bn balance for only the second time since the accounting arrangement was established seven years ago. The market panicked as the absence of money made trade virtually impossible.

Ian Wilson, chairman of the Hong Kong Association of Banks, applauded the authority's intervention. "Without the timely intervention of the HKMA (on Thursday) we would not have been in the (improved) position that we find ourselves in today," he said. The Bank of China and

the Hong Kong and Shanghai Bank sat back, not lending, he said, leading to suspicion in the market that the authority will raise the prime rate at its 4.30 pm meeting on Friday. The association did not raise the rate at its weekly meeting yesterday. Wilson said the association will not be forced to raise rates by speculators: "It would have been unrealistic to have changed the rates just for this short-term issue. I think you'll see next week that we're back to normal rates again."

Most analysts were supportive of the authority's move, with an analyst at Asia Equity calling it "drastic, but justified". The overnight interbank rate closed yesterday at 6.6125, from the high of 13 per cent, and bankers praised the authority's defence of the dollar. Tam Ping-shing, manager of foreign exchange and interest rate market, Standard Chartered Bank, said: "The HKMA did a good job—the intervention came right before the speculators got their act together." Thursday's intervention was done before the Asian market opened.

A European bank treasurer, who asked to remain anonymous, said if the authority had not burned speculators' fingers earlier, Deng Xiaoping's health would fuel another round of speculation. He said: "The HKMA better cross their fingers Deng is around for the next couple of weeks."

Tam said the peg will be tested, probably in the post-Deng era, but expressed confidence that it will stand firm on that day.

The Hang Seng Index went into steep decline yesterday in reaction to the authority's intervention, and on reports that Deng's health had significantly worsened.

CD Piracy Could Land Territory on U.S. List

HK1401063495 Hong Kong HONGKONG STANDARD in English 14 Jan 95 p 1

[By Bien Perez]

[FBIS Transcribed Text] Unless rampant piracy of compact discs is tackled, Hong Kong could find itself on Washington's watchlist of property rights violators, the recording industry has warned.

Hong Kong is losing about \$1 billion a year to CD piracy, according to the International Federation of the Phonographic Industry (IFPI). And it blames the Hong Kong government's slow pace in reforming outdated and ineffectual sanctions against CD pirates for the problem.

"The situation has reached a critical stage for us," said Giouw Jui-chian, IFPI's regional director for Asia, the local recording industry's umbrella organisation. He said that if the rampant CD piracy was left unchecked by the Hong Kong government, the territory's music industry would suffer irreparable damage. "We see small, independent companies to be the hardest hit, forcing them to close down," Mr Giouw said.

The recording industry is the main pillar of Hong Kong's large music industry. Mr Giouw pointed out that the industry has been unable to grow over the past two years, losing at least 20 per cent of its market share to pirates. Total losses, which include the core recording business and its allied enterprises, are estimated to have reached as high as \$892 million in 1994, he said. The recording industry's direct losses totalled at least \$270 million last year. The industry's loss estimates were based on a commissioned survey conducted recently by the Survey Research Hong Kong Ltd.

"The amounts being lost to pirates may not seem huge for now, but local recording companies are now having problems reinvesting in new projects," Mr Giouw said. "Since all attention is now being focused on the forthcoming trade negotiations between China and the United States, we see this as an opportunity to make the public more aware of the fact that our problem with pirates is contributing to the mainland's intellectual property rights violation."

Editorial Examines PRC-U.S. IPR Dispute

HK1401063295 Hong Kong EASTERN EXPRESS in English 14 Jan 95 p 15

[Editorial: "Trade Dance No Longer a Waltz"]

[FBIS Transcribed Text] Like some annual religious ritual the United States and China are again gearing up for a trade war. This time the argument is over intellectual property rights. Washington has accused China of not doing enough to prevent what it describes as the blatant commercial piracy of such things as United States films, music and computer software. China, as in the past, has put itself up as the innocent party being whipped by the bully-boy US. Beijing has until February 4 to show its sincerity in stamping out piracy or face the prospect of having tariffs of up to 100 per cent slapped on a wide range of goods and products. The US trade representative, Mickey Kantor, has estimated that sanctions will cost China US\$2.8bn [billion] in lost export revenue.

What Kantor failed to mention was the knock-on effect such a move will have—not only in Hong Kong but the region and the US. China has already said it will impose sanctions on US goods and suspend negotiations on all US-Chinese car ventures.

No one can argue that the US does not have a legitimate argument with China over piracy. What can be questioned is the sabre-rattling that goes with it. Last year Chinese piracy alone cost US firms an estimated HK\$7.8bn and tens of thousands of jobs, according to US government estimates. Thirty Chinese compact disc plants, for example, churn out 75 million counterfeit CDs every year. CDs, laser discs and computer software are only one aspect of the problem. Chinese factories also counterfeit millions of dollars worth of patented chemicals, pharmaceuticals and black market books. One book

pirate even had the hide to ask a noted economist to write a new forward for the forthcoming pirated Chinese edition of his book.

To be fair, China has introduced a series of tough measures to protect foreign copyrights with punishments ranging from lengthy jail sentences to death. But the laws are not seriously enforced and this is the crux of the dispute with the US.

Unlike the Most Favoured Nation debate of recent years, the problem with intellectual property will not go away. While Beijing says it is doing its best to curb pirating by closing down the odd factory and jailing the occasional offender, pirating has become an integral part of the Chinese economy. If the will was there these factories could be closed but the authorities seem rather reluctant to do so. Why is tracking down a political dissident any easier than closing down a factory, which is a stationary object, anyway? Washington maintains that part of the reason for Beijing's reluctance is that many senior Chinese officials are either directly or indirectly involved in pirating.

What will happen between now and February 4 remains to be seen but one thing is certain, the US seems determined not to back down as it did over MFN. Although opposed to withdrawing MFN, US business, it would appear, strongly supports the administration's hardline stance over copyright. But when push comes to shove, will US business support a trade embargo?

At present China does pretty well out of the US. Until last October China sent US\$32.4bn (HK\$252.7bn) worth of goods to the US while the US exports to China totalled US\$7.8bn. The US\$24.6bn trade imbalance is second only to the US\$53.9bn surplus that Japan had with the US during the same period. But there the difference ends.

As with MFN, US businessmen realise that any trade war will be a two-way street. China, despite its lack of sophistication, has the ability to counter anything the US decides to throw at it. While the US battles China over intellectual property rights the rest of the world sits on the fence, ready to step in and fill the gaps.

There is no doubt that China is the market of the future. Foreign companies are falling over themselves to get in and stake their claim. Many are willing to lose a great deal just to have a stake in this market. But if China wants to be taken seriously as a superpower it has to behave accordingly. The reason it was not accepted as a founding member of the World Trade Organisation [WTO] had nothing to do with the US not wanting China in, because it did. It had everything to do with China wanting developing world status. China cannot have it both ways. It either wants to be a leading player or it doesn't. It is as simple as that. And for China to be a leading player it has to play by the rules and not simply use its market potential as a lever to get what it wants.

Commentary Views Reaction to Approach of 1997

OW1301145695 Beijing XINHUA Domestic Service in Chinese 0840 GMT 9 Jan 95

[Commentary by XINHUA reporter Guo Lingchun (6753 3781 2504): "The Year 1997 Is Approaching Me"—XINHUA headline]

[FBIS Translated Text] Hong Kong, 9 Jan (XINHUA)—What was the significance of the past 365 days to Hong Kong people?

The fluctuating stock market made stock dealers alternately sad and happy. The volatile real estate market frequently changed the moods of real estate dealers and common people. How could Hong Kong people, who have been paying close attention to enhancing their livelihood, not be concerned with price changes and inflationary rates?

However, a more startling bit of information has attracted the joint attention of politicians, businessmen, scholars, and workers: On 1 July 1997, this land, which has been under colonial rule for more than a century, will return to its own motherland.

Many sources of mass media have allocated prominent slots and opened special "Countdown to 1997" columns. Some mass organizations have held forums and activities, and presented "clocks that count down to 1997" and that have been engraved with flags of the Hong Kong Special Administration Region [HKSAR] with Chinese redbud flowers and the HKSAR emblems as gifts to people who have contributed to the 1997 reversion. An auction company that opened on the first day of the "1,000-day countdown" campaign named itself the "1,000-Day Countdown" Auction Company. A caption, "the year 1997 is approaching me," was written on its giant billboard.

Hong Kong is an important global financial, trade, shipping, and aviation center. It has efficient infrastructural facilities and operating systems with its own characteristics. While choosing the top commercial cities of the world in 1994, a renowned U.S. financial and economic journal listed Hong Kong as number one, ahead of New York and London. An article in the journal pointed out: Hong Kong will return to the mainland within the next three years. Because of its countless ties with China's interior, it is regarded as the best springboard for advancing into the Chinese markets. After reviewing the motherland's inland, Hong Kong businessmen and economists unanimously admitted that the rapid economic progress in China's interior has generated Hong Kong's prosperity. A researcher of Hong Kong affairs reminded others: The concept of "one country, two systems" and the promise that its social system will remain unchanged for 50 years have enhanced and consolidated Hong Kong's international economic position and enabled it to have a favorable "overall atmosphere." Furthermore, the Chinese Government's earnestness in pursuing the Sino-British Joint Declaration has eased Hong Kong people's anxieties.

A poll survey indicated that Hong Kong residents' confidence over Hong Kong's economy and future has strengthened over the years. The approach of 1997 has made some hesitant residents reconsider whether to leave Hong Kong.

Mr Deng, a former globe-trotter and currently working in a telecommunications company, settled down in Hong Kong in the spring of 1994. He successively set up homes in the United States, Canada, and Southeast Asia. However, he said: "Hong Kong beats all of them." He will not leave here after 1997. He is "very optimistic" over Hong Kong's future. He emphatically added later: "I am absolutely optimistic."

Foregoing an opportunity to carry out research work after graduating from Britain's Cambridge University, Mr Lin returned to Hong Kong in 1994 to pursue a medical degree here. He wishes to stay here after 1997 and serve Hong Kong compatriots, who are like brothers and sisters to him, with his skills.

Many former emigrants from Hong Kong have returned here. According to a survey report of the Hong Kong Personnel Management Society, the number of emigrating Hong Kong people has dropped considerably. On average, for every 10 senior staff emigrating overseas, five Hong Kong people with equivalent qualifications have returned to Hong Kong. Vancouver shipping companies have made a fortune in recent years. A company operator said: In the first few years, he was shipping boxes and boxes of household goods from Hong Kong to Canada. However, in 1994, he has shipped household goods for 200 families to return to Hong Kong from Canada. Analysts pointed out that Hong Kong's booming economy is the root cause that led the "weary birds to return home."

The youths who began undergraduate work at colleges in the autumn of 1994 will graduate in 1997. Therefore, activities on the topic "I will graduate in 1997" have appeared. Forums, dialogues, and street-corner dramas on the 1997 reversion have been most popular in the old-line University of Hong Kong. Students who have survived the tests of books have begun to understand the new world they will be facing.

A rare photograph, taken at Beijing's Tiananmen Square, showed an officer of the Chinese People's Liberation Army in military uniform, surrounded by a group of students from the Hong Kong Teachers' College. A student in the photograph described their feelings at that time: "We were watching there when the national flag was slowly hoisted amidst the national anthem. I felt I was a Chinese myself. China has great prospects!"

Hong Kong people have also indoctrinated their next generation with their own desires and aspirations. At the end of 1994, the Victoria Park held a children's art competition. Young children drew a red flag with five stars. The picture's design demonstrated a sense of the times: Crowded skyscrapers symbolized Hong Kong's future prosperity and development.

Macao

Sino-Portuguese Working Group Meets in Macao

OW1101132095 Beijing XINHUA in English 1212
GMT 11 Jan 95

[FBIS Transcribed Text] Macao, January 11 (XINHUA)—Both Chinese and Portuguese governments should recognize the great urgency of handling the three major transitional issues in Macao.

Han Zhaokang, representative of the Chinese team to the Sino-Portuguese Joint Liaison Group, made this remark after the 14th meeting of the Working Group on Three Major Issues here today.

The three major issues refer to localization of public servant and law and officialization of the Chinese language.

Han said, both sides recognized that Macao government and Portuguese government had made great efforts in dealing with the three major transitional affairs. However, he stressed, the Portuguese side should speed up its pace as 1999 comes nearer.

At present, progress in officialization of the Chinese language is not satisfactory, he said.

It is also learned that the Portuguese side will present an overall timetable for localization of public servants within this year.

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